FINANCIALTIMES

U.S. banks start to feel debt exposure, Page 16

No. 29,115

Friday September 9 1983

EUROPE'S BUSINESS NEWSPAPER

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NEWS SUMMARY

GENERAL

Marines return fire in **Beirut**

BUSINESS

'needs extra \$11bn'

U.S. Marines came under such attack at Beirnt Airport yesterday, just one day after Syrian-backed Druze militiamen pledged not to fire on Western peace-keeping formaticipated. At the special debt constitution of the converse convened by the U.S. Marines came under shell at- • WESTERN governments an Marines' position. In response, a Organisation of American States,

U.S. warship and Marine gunners the U.S. yesterday succeeded in fired at a Lebanese milita position toning down radical proposals in the hills thought to be occupied aimed at easing the region's \$300on by anti-government Druze. It was foreign debt. Page 4 the second successive day that the U.S. forces had fired their guns.
As fighting intensified in the Lebanese mountains, Syria would suparate and the successive day that the DOLLAR closed in London weaker overall at DM 26775 (DM 2687), SwFr 2.173 (SwFr 2.1895), FFr 2.1895 (FFr 8.085) and Y244.55

Punjab uprising

Police in Punjab, northern India, stration, injuring 63 people.

Airport attacked

At least two people were killed at Managua airport when opponents of Nicaragua's left-wing Government launched a rocket attack on a neighbouring military base and set the airport control tower alight.

Freedom setback

Zimbabwe's Home Affairs Minister, Dr Herbert Ushewokunze, de-nounced the High Court acquittal last week of six white air force officers dimming hopes that the men, detained after the hearing, would

Election violence

Communication of the communica

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Committee of the second of the

Seven people were shot dead and four others injured in Pakistan's south-western province of Baluchistan when supporters of one municipal election candidate opened fire on rival supporters.

Up, up and away

A Czechoslovak racing cyclist and his family were granted political asylum in Austria after floating across the border in a home-made hot air balloon.

Rebels killed Angolan Government forces

captured large quantities of arms and ammunition in southern Angola during the past few days. Abortion vote

claimed to have killed 77 rebels and

The Irish Republic voted by more

than two to one in a referendum to impose a constitutional ban on In government securities, shorts abortion. The voting showed a sharp split between urban and rural while longs steadied. Report, FT areas.

Share Information Service,

Peron staying

Ex-Argentine President Maria Pershe does not want to return to Buenos Aires until civilian rule is re-

Executions listed

The names of 7,746 people who have been executed in Iran since June 1981 were released by the People's Mojahedeen, the country's main guerrilla opposition move-

Briefly . . . China endorsed North Korean leader Kim It-Sung's plans to be succeeded by his son.

Former Sudanese president Gen-First of 23,000 refugees taking 30,000 cattle to western Houndaria. 30,000 cattle to western Uganda began their 250km trek. Hong Kong battened down as Ty-

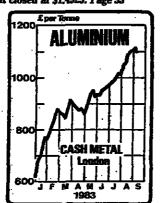
phoon Ellen approached.

Brazil

ference in Caracas convened by the

port anti-government forces there if asked. Page 16 (Y245.7). Its trade-weighted index was 129 (129.3). In New York, it closed at DM 26837; SwFr 2.1785;

FFr 8.0775; and Y245.05. Page 33 • STERLING closed in London up used batons and tear gas to disperse an anti-government demonation of the state of (SwFr 3.255), FFr 12.02 (FFr 12.655) and Y365 (Y366). Its trade-weighted index was 84.8 (84.6). In New York, it closed at \$1.4925. Page 33



• ALUMINIUM futures rallied on the London Metal Exchange after setbacks earlier in the week. Cash aluminium closed £9.25 higher at £1,099.25 a tonne but below the record £1,114.5 reached on Monday.

• TOKYO: The Nikkei Dow index slipped 23.19 points to 9.332.47. The Stock Exchange index lost 2.21 points to 686.32. Report, Page 23; leading prices, other exchanges,

● WALL STREET: The Dow Jones index closed up 2.63 at 1,246.14. Report, Page 23; full share listings, Pages 24-26

© GOLD rose \$0.75 an ounce in London to finish at \$414.375. In New York the Comex September settlement was \$414.9 (\$414.5).

Page 32 ● LONDON: The FT Industrial Ordinary Index closed up 1.2 at 713.6.

Pages 25-27 DOME PETROLEUM's president, Mr Bill Richards, said he would resign on October 1, the day Mr Howclare from her home in Spain that ard Macdonald takes over as chairman and chief executive of the

financially-troubled group, based in ● INTERNATIONAL Association of Tanker Owners said 75 supertank-

ers should be scrapped in order to balance the world tanker market. Page 16 • GREECE and the U.S. signed a

defence and economic co-operation agreement in Athens. NICHOLAS KIWI, Australian-based pharmaceuticals-to-shoe pol-ish group, reported net profits up

39.4 per cent from A\$15.5m to A\$21.7m (\$18.9m). SWISS Bank Corporation has

• PRIVATBANKEN, Denmark's third largest commercial bank, reported first-half profits up from dried up. In the first half of this DKr 63m to DKr 1.56bn (\$160m).

and orders for spare parts also year contract next April but insisted up. In the first half of this pear to DKr 1.56bn (\$160m).

Shultz calls Gromyko's 74 account 'preposterous'

BY PAUL BETTS AND DAVID WHITE IN MADRID

RELATIONS between Washington acceptable," he warned "this is not and Moscow deteriorated further the end of the matter." Mr Shultz yesterday after a two-hour meeting between Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister.
Mr Shultz, seeking a comprehen-

sive explanation from Mr Gromyko of the shooting down of the South Korean Boeing 747, described the Soviet Minister's response as "even more unsatisfactory" than the response he gave during his address to the Conference on Security and Co-operation in Europe (CSCE) in Madrid yesterday. The two men were meeting for

the first time since the Boeing incident. Mr Shultz appeared unusually emotional after the meeting.

said: "In the days and weeks ahead, the U.S., along with others through-out the international community, will press hard for justice for the families of those murdered and safety and security for innocent tra-

A special meeting of Nato allies was called late last night in Madrid to try to hammer out a quick and ommon response to Moscow. The Kremlin alleges the plane was on a U.S. spy mission and that

Soviet interceptors "cut short" its flight when the jumbo jet ignored warnings to land in Soviet territory. More details are expected from the Soviet side today at a news conference to be given for Western re-Calling Mr Gromyko's explana-tion "preposterous" and "totally un-eral Staff Nikolai Orgarkov.

Japan was told by Moscow terday that Soviet search vessels

American officials said Mr Gromyko did not want to discuss the Korean incident when he met Mr Shultz, at the residence in Madrid of the U.S. ambassador.

Mr Gromyko had wanted to talk about arms control, U.S. officials said and described his comments on this issue as "lengthy and stale." Mr Shultz, they said, asked Mr Gromyko not only for an explana-tion of the incident but for agreement on steps to prevent such an

episode ever recurring.
The U.S. officials said Mr The U.S. officials said Mr but an international matter. This is Gromyko had again sought to shift responsibility for the affair onto the have been taking throughout the

Script nen it was clear that further discussion on the subject would not had found weekage of the plane be constructive. Mr Shultz decided near Sakhalin Island and that further meeting should come to an near Sakhalin Island and that fur-the meeting should come to an ther information would be passed end," the American officials explained.

The officials added that there had been no discussions of further talks between Mr Shultz and Mr Gromvko. They said the question of a meeting later this month between the two in New York for the opening of the UN General Assem-

oly had not been addressed yesterday.

Despite the sharp worsening in relations between Moscow and Weshington, U.S. officials were keen to emphasise that the issue was not just a U.S.-Soviet problem

BY PETER BRUCE IN LONDON

SAMUEL MONTAGU, the British

Merchant Bank, has been appoint-

ed by Westinghouse Electric of the

U.S. to help to raise a large portion

tinghouse's approach.
The merchant bank, approached

by Westinghouse three weeks ago is

now understood to be talking to the

UK Government in an effort to win

official support for the project and

to arrange and export credit facili-ty. If Westinghouse wins the turn-

key contract, orders of up to \$700m

might be placed with UK compa-

nies supplying the nuclear industry. Westinghouse, which is bidding for the contract with Mitsubishi

Heavy Industries against Frama-tome of France, Kraftwerk Union of West Germany and Combustion En-

gineering of the U.S., has told the

Government that UK companies

will be taken on as exclusive part-

ners if enough financial support is fortheoming for a successful bid.

tion of a 900,000 to 1m kilowatt

pressurised water reactor at El Dab'a, on the coast west of Alexan-

dria, have to be in by November 26.

Although Egypt is probably the sec-

ond most important recipient of U.S. aid, next to Israel, the U.S. Ex-

Madrid meetings, suggesting that the West, including the U.S., is anx-ious to keep the East-West dialogue alive. The White House was late yester-

day expected to announce further unilateral countermeasures as part of President Ronald Reagan's "measured response" to the Soviet Union. It was not thought however that the U.S. would take major new economic or political sanctions.

The U.S. has been painstakingly trying to avoid another controversy with its allies on sanctions. But the Americans were lobbying hard last night to secure an agreement on ac-tion against Moscow before the end of the Madrid meeting today. The main proposals due to be put

Madrid conference, Page 2

The split Eximbank decision

forced Westinghouse to turn to Mit-

subishi, whose supply of turbine

generators for the plant seems likely to win up to \$500m in official Jap-

Senior Westinghouse officials are expected to hold further talks with

the UK Government in the next few

days. They will tell ministers and

officials that the level of UK finan-

cial support will directly influence

the extent to which British compa-

nies will be allowed to participate in

At least one alternative source of

financing, Italy, is known to have instructed its lending nuclear sup-

ply companies, including Ansaldo

and Nuovo Pignone, not to bid with

the Americans but to ally them-

There are, however, companies in

Germany, such as Deutsche Bab-

cock, and France, not associated

with existing bids, with which West-

inghouse could work if their bid

succeeds and if German and French

government support is forthcoming.

Spain has also been mentioned as a

In an effort to identify what

equipment the UK could supply,

Westinghouse is understood to have

held preliminary talks with about

possible source of finance.

selves to the French bid.

anese support.

Westinghouse in

Egypt N-bid aid

UK search for

Sweden set to double sterling credit

By Peter Montagnon in London

SWEDEN was yesterday set to double to £500m (\$745m) the size of the credit it is raising from banks in the City of London. The loan has been heavily over-subscribed, even before general syndication has be-

The credit, which was already the largest international operation in Continued on Page 16 domestic sterling when it was launched 10 days ago at £250m by merchant bank Samuel Montagu, has attracted commitments from lead managers totalling nearly £800m. Bankers say this has revealed an unexpected depth to the

growing market for such loans.
This has developed following last year's regulatory changes whereby local government authorities in the UK are no longer able to raise bank loans – they are now funded entirely by a government agency, the Public Works Loan Board. As the authorities repay their borrowings foreign banks particulary have found themselves flush with sterling when there are only limited lending opportunities

Sweden has thus been able to attract about 50 lead managers for its credit, despite setting the interest margin at a low is per cent above money market rates for the first two years, rising to 5 per cent for up to a further 10.

Samuel Montagu said yesterday that interest in the loan has come from a broad spectrum of banks. Included among lead managers, who still have formally to approve the increase, is Central Trustee Savings Bank of the UK, which is not normally a major international lender and is committing C20m.

Another lead manager with a similar commitment is Deutsche Bank, of West Germany, which is traditionally cautious about international loans carrying low mar-

gins.
"We knew we were going into un-charted water both with the size and the margin, but our view of the market proved to be right," said Mr Brian Woolley, a senior executive of Samuel Montagu, who has been co-ordinating responses to the credit. is are expected to scribe to the loan when it goes into

general syndication shortly. The Bank of England, Britain's central bank, is understood to be monitoring the development of the market, particularly since a sharp rise in capital exports could affect the exchange rate when Britain's balance of payments has moved in-

to deficit. Capital markets, Page 34

Thomson and **CGE** close to assets accord

BY DAVID HOUSEGO IN PARIS

THOMSON-BRANDT and Compagnie Génerale de l'Electricité (CGE), the two state-owned con-glomerates of the French electronics industry, appear close to an agreement on a major rationalisation plan to concentrate and complement their activities.

Thomson would shed its lossmaking communications division to concentrate on consumer electronics, components and military equip-ment. It would also sell its cable interests to CGE.

CGE would make over to Thomson what remains of its military division (mainly its Sintra subsidiary) and its interests in components and consumer electrical goods. It would focus its activities on telecommunications, electrical power equipment and information technology.

But the most controversial part of

the accord - thrashed out in the summer between M Alain Gomez, chairman of Thomson, and M Georges Peberau, managing director of CGE - is a proposal to hive off terests to a new holding company tion." under CGE management. The two electronics groups are

apparently proposing that the state hould pump cash into the company in which it would take a 50 per cent stake. Thomson would retain a 40 per cent interest leaving CGE with

But in placing the company under CCE management the ultimate

bot UK, made its first profit for 10 years in the first half of this year.

l'albot, the smallest of Britain's "big

oss in the comparable period of

Mr George Turnbull, chairman,

should make the French parent group better disposed towards fur-ther investment in its British sub-

Mr Turnbull forecast that Talbot

Talbot's profit is mainly due to a

turnround in the contract to supply

car kits based on the old Hillman

Hunter to Iran, where they are

made into the Leykan, that coun-

try's best-selling model.

Because of financing problems in

Iran, only 35,000 kits were shipped

from the Coventry plant last year

UK, formerly Chrysler UK, would operate profitably for the rest of the

suggested yesterday that the result Turnbull insisted.

four car makers, made £1.5m (\$2.24m) net profit, against a £40.6m

Talbot UK back in

profit after 10 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PEUGEOT's British subsidiary, Tal- kits and received orders worth

£12m for spares.

break-even level of 50,000.

"There are still years of good business to be had from Iran," Mr

Talbot has waited for some months to hear whether Peugeot

will invest more cash in its factory

to pave the way for a new model.

goal would seem to be a merger of Thomson's communications activi-ties with CTT-Alcatel, a subsidiary of CGE and manufacturer of the successful E10 digital telephone ex-

Thomson has had serious problems in developing its own M20/25 electronic exchange and the link if approved would pave the way for a single major French telephone company.
These far reaching changes, in-

tended to strengthen the competitiveness of the French electronics and telecommunications industry when rival major international groups such as AT&T of the U.S. and Philips have been making important link-ups, have yet to be ap-proved by the French Government. They would be reinforced by Thomson becoming a privileged supplier of components to CGE.

Yesterday the two companies declined to comment formally or were unavailable for comment. The Ministry of Industry said that reports of

Negotiations towards a redistribution of roles in the electronics and telecommunications sector appear to have sprung from the companies themselves, in spite of their being nationalised industries. Since taking over as chairman in

February last year, M Gomez has Continued on Page 16

German Lombard rate up by 1/2 point

THE BUNDESBANK, West Ger many's central bank, tightened its credit policy yesterday by increas-ing its Lombard rate from 5 per cent to 5.5 per cent. The central bank said that it was

of the money needed to finance a \$2.4bn nuclear power plant it hopes acting to try to curb the growth of to build in Egypt. The U.S. Exim-bank had previously rejected Wesmoney supply, but also indicated it was anxious to stem a weakening of the D-Mark in foreign exchange

The Austrian central bank yester day also raised its Lombard rate from 4.25 per cent to 4.75 per cent, but the Swiss central bank ruled out any immediate decision to fol-

The Dutch central bank also raised its interest rates by ½ per cent. The discount rate was lifted to 5 per cent, the secured loan rate (equivalent to the Lombard rate) to 5.5 per cent and the promissory note rate to 6 per cent. There has been speculation for weeks that the Bundesbank might

cause of the danger that excessive money supply growth and a weaker D-Mark might rekindle inflation. The bank's monetary policymaking committee had refrained from lifting key interest rates at a meeting four weeks ago even though the

dollar was particularly buoyant and

showed further restraint a fortnight

toughen its credit policy stance be-

Continued on Page 16 West LB study, Delors' views, Page 3; HK banks raise prime, Page 34

New Bank scrutiny for

Mr Turnbull revealed that Iran had asked for 110,000 kits to be supplied in the year which ends in March 1984, compared with the

In an interview with the Financial Times, Mr Robin Leigh-Pem berton, the Bank's Governor, said he sees a "very substantial monitor-

posed reforms of the stock exchange, will be "a major responsi-bility" for the Bank. The Governor made clear that he regards the Bank of England as "the right organisation to do this."

told members of Parliament he would make arrangements for his own department and the Bank of soon after Peugeot bought all Chrysler's European assets, includ-ing the UK business. He will leave when he has completed his five-

Governor's day, Page 15

London SE

THE Bank of England, Britain's central bank, is planning to expand significantly its involvement in su pervising the affairs of the London Stock Exchange.

Talks about Talbot's future between Peugeot and the British Gov-ernment will now be held in October or November. Mr Turnbull said: "It is not a The Governor's statement comes question of whether Peugeot will six weeks after Mr Cecil Parkinson, put more money in, but only of when and how much." UK Minister of Trade and Industry Mr Turnbull became chairman

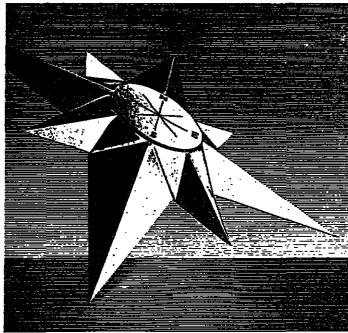
England to work together on implementing key new measures, such as Continued on Page 16

ing role" for the Bank. The role, which stems from pro-

Only someone on the right course can help you with yours.

would not be able to repay the loan. poration.

imbank is understood to have voted 15 British companies, including three to two against funding the GEC, NEI, the Wier Group, Babproject, because it feared Egypt cock, Foster Wheeler and Davy Cor-



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UK Trades Union Congress: Lombard: benefits of the Bank of England: a day in Lex: Hepworth Ceramic; AE the Governor's life 15 and GKN; Sedgwick . . . 16 Technology: striking gold France: Aerospatiale has to Nigeria: costly lessons of a Management: Sony's higher \$500m dream 11 profile for design 19 tics; Gibraltar 14 Survey Section IV

"MADRID, capital of Detente."
the Spanish daily newspaper El Pais slugged on top of five pages yesterday. But the words sounded somewhat hollow after the first day of the Foreign. yesterday. But the words the need for that dialogue.

Finally, Mr Gromyko rose the first day of the Foreign Ministers' meeting to mark the end of three long years of the Madrid Conference on Security and Co-operation in Europe.

It had been a day of waiting, both for Western Foreign Ministers and Showing no sign of continuous and showing no sign of the first day of the Foreign modern conference hall, where he had sat not far from Mr.

under heavy siege. Topping the defended the latest proposals bill of speakers for the first day on Euromissiles from Mr Yuri

speak at teatine.

Before his much-awaited speech, a number of Foreign Ministers, including Sir Geoffrey Howe of the UK and Herr Hans-Dietrich Genscher of West Germany, had addressed the conformer calling for explanations

It had been a day of waiting, both for Western Foreign Ministers and the legions of journalists gathered in Madrid's Palace of Congresses, guarded for the occasion like a bunker of the Helsinki agreement. He was Mr Andrei Gromyko, the Soviet Foreign Minister, due to speak at teatime.

Before his much-awaited speech, a number of Foreign Ministers, including Sir Geoffrey

Ministers, including Sir Geoffrey

Ministers, including Sir Geoffrey

Dietrich Genscher of West Germany, had addressed the conference calling for explanations from Moscow about the shooting down of the South Korean Boeing 747.

The tone of the Western Ministers was firm, but there was broad consensus that the dialogue between East and West must continue. Sr And then, to the surprise of even the Americans, Mr Gromyko adopted an extremely hard line on the South Korean aircraft incident. Soviet borders were "sacred," he warned. The Soviet Union was being slandered and there would be no apology or explanation as the West demanded.

The U.S. reaction was prompt. And then, to the surprise of

was blood consenses but the West demanded.

West demanded.

West demanded.

The U.S. reaction was prompt.

West must continue. Sr Mr Shultz walked out of the

Fernando Moran of Spain urged hall and a few minutes later that the incident should not said in a corridor to journalists "allow the precious goal of that the Soviet statements detente to slip through our implied that Moscow was ready hands." Sir Geoffrey said an to shoot down another aircraft. hands." Sir Geoffrey said an to shoot down another aircraft. apparently told Mr Shultz any act of this nature was bound But despite the war of words action at this stage should be

one stage.

Behind the external posturing of the various parties, the East and West have not been broken. Sir Geoffrey held a 45-

East and West have not been broken. Sir Geoffrey held a 45-minute private meeting with Mr Gromyko, who has been having talks with other Western Foreign Ministers and will be in Paris this weekend on his postponed working visit.

But while keeping the diplomatic communication lines open, the West has been struggling to find an adequate response to the Soviet action. The Americans, keen to win support from Western allies for some sanctions against Moscow before the end of the Madrid meeting today, have gone to great lengths to avoid the errors of the last Soviet sanctions fiasco. An official in the entourage of Mr Shultz remarked that any action should be collective. "We don't want to repeat the errors of the past," he said.

The divisions between the IIS and its West Frances.

The divisions between the U.S. and its West European allies on the issue of sanctions were reflected yesterday after a



confined to what a West Ger-man aide called "political signals" and that this must be done on the broadest possible basis. Mr Shultz hurried to arrange a second meeting with the West German Minister yesterday to try to iron out dif-

The divisions between the U.S. and its West European allies on the issue of sanctions were reflected yesterday after a breakfast meeting between Mr Shultz and Herr Genscher.

The West German Minister apparently told Mr Shultz any action at this stage should be According to Sir Geoffrey within 12 hours of the start of the meeting a number of proposals which differed more in degree than in principle. These included restrictions on Western countries were the meeting a number of proposals which differed more in degree than in principle. These included restrictions on Western countries were the meeting a number of proposals which differed more in degree than in principle. These included restrictions on Western countries were the meeting and Moscow are pleased with the final document of the Madrid Conference. The Soviet Union has won what it wanted, with a conference on disarmament due to begin in

painful years of at times acrimonious negotiations in Madrid, The last of a series of hold-ups, including an inter-ruption of eight months after the military clampdown in Poland, was finally overcome Poland, was finally overcome By divine diplomatic provi-within 12 hours of the start of dence, however, there will be

Korean aircraft crisis has Stockholm in January. The U.S. eclipsed the conclusion of three believes the West has secured good concessions on human rights from the Eastern bloc, including an experts' meeting on human contacts which

no formal signing ceremony at the close of business in Madrid today, thus saving Mr Shultz and Mr Gromyko the embarrassment of signing a joint document on improved East-West relations at such a time.

France, UK likely to differ over EEC worker directive

BY JOHN WYLES IN BRUSSELS

BRITAIN and France are likely to find themselves at the opposing ends of the argument over the European Commission's first attempt to impose wide-ranging worker consultation requirements on multinational corporations, to judge by the responses now being worked out by EEC governments.

With the Commission's pro-posal—known as the Vredeling Directive—drawing at best a tepid and at worst an unsympa-thetic welcome from most other member states, it seems destined for a long shelf-life in the Council of Ministers.

This could mean years rather than months before it finds its way into Community law, if It

A revised version of the directive, which first saw light of day in October 1980, was adopted by the Commission in late June. It moves on to another landmark next week with its first discussion at official level within the Council. Employment Ministers are expected to look at it for the first time in a formal Council on December 8.

The differences between Britain and France will reflect the ideological complexion of their governments. While Paris is still fleshing out a detailed view, a French official con-armed yesterday that the Socialist Government's approach was on the whole "a positive

For the UK, however, Mr Norman Tebbitt, the Employ-ment Minister, has already made clear at an informal Community discussion 18 months ago, that the Government does not believe in extending employee rights through legisla-

Consultation and information procedures should be left for voluntary negotiation between employers and employees, the British say.
This will remain the basis of

the British approach although it is unlikely that the UK will level. It will want to see how much support it has among much support it has among other governments and how energetically Greece, now occupying the Presidency of the Council, tries to push the work forward. For their part the Greeks expect to hand it on to the French presidency at the end of the year without much

progress baving been made.
First indications are that
most governments find the proposal unappealing and disturbingly sensitive, both politically and economically. Neither Italy and economically. Neither Italy nor West Germany are hurrying to define a position for next week's meeting—a tactic which ensures that very little progress will be macally as the control of the control

ensures that very time progress
will be possible.
As is also the case with
Denmark and the Netherlands,
both countries already have
legislation in place that requires
a measure of worker-consultation, but neither is keen to erect a more far-reaching EEC-wide system for multinations which

system for multinations which might have knock-on effects for domestic legislation.

Moreover, the Centre-Right now controls governments in West Germany, the Benelux, Den nark and Ireland, where Ministers are more sensitive to the outright opposition to the directive from their national directive from their national business organisations.

These are determined to try to kill the proposal which they claim would impose a costly administrative burden and an unacceptable limitation on management's right to manage.

raised its voice in opposition, but not as loudly as a number of U.S. business lobbies which are expected to launch a new public broadside against the directive before the end of the month. They will stress that the directives could frighten U.S. investment away from the EEC.

Business remains unappeased by the success of moves to soften the proposal before its final adoption by the Commission. U.S. lobbyists claim that it is now in some ways worse because of two new clauses inserted by Mr Ivor Richard, the Social Affairs Commissioner.

The first would require multi-national headquarters to send out to employees all in-formation provided to share-holders and creditors which updates the information on the company's affairs to be provided

reports produced by most U.S. multinationals would become material for information and consultation in Europe.

The second controversial move by the Commission was to include a tlause which appears to undermine the directive's permission to with-hold secret information from



SIG CIRIACO De Mita, the Christian Democrat leader, this weekend faces the task of fend-ing off what is likely to prove serious criticism from within his own party over its unprece-dented reverse in the June General Election here.

Sig De Mita yesterday promised at a Press conference ahead of an important party gathering at Fiuggi this weekend, that he would not be deflected from his strategy of "renewal"—despite the fact that barely a year after he took office, the Christian Democrats saw their sbare of the popular vote tumble from over 38 per cent to 32.9 per cent—a massive setback in Italian political

His determination is, however, unlikely to defuse the dis-content widely expressed in Christian Democrat ranks that his advocacy of "rigour" and a radical overhaul in the work-

yesterday his view that the con-gress should be brought for-ward, an attitude which his opponents believe reflects a desire to have his own leader-ship swiftly rubber-stamped, allowing his thus-far-unorgan-ised foes little time to group their forces their forces.

For that reason, his critics would like the congress, which now directly elects the Party Secretary, or leader, to be held

at the appointed time.

Any new congress could easily see a repeat of the confrontation between Sig De Mita and Sig Arnaldo Forlani-currently Deputy Prime Mini-ster in the Socialist-led Govern-ment of Sig Bettino Craxi-which the former won at the last congress in the spring of 1982

1982.

ever, unlikely to defuse the discontent widely expressed in Christian Democrat ranks that his advocacy of "rigour" and a radical overhaul in the workings of the party was at least partly responsible for the June defeat.

The battle now appears to be coalescing into an argument over the date of the forthcoming National Party Congress, which would naturally fall due in the spring of 1984.

Sig De Mita did not conceal

People of Pozzuoli flee their city after tremors

BY JAMES BUXTON IN ROME THE PEOPLE of Pozzuoli, on the outskirts of Naples, are abandoning their city. Some 12,000-15,000 of the city's 75,000 inhabitants have voluntarily left their homes in the last few days, driven out by fear and damage caused by repeated earth tremors.

They have moved into tents erected by the Italian Army, into caravans, schools, hotels, holiday flats and into the homes of friends and relatives. And they have no idea when they are

of friends and relatives. And they have no idea when they are

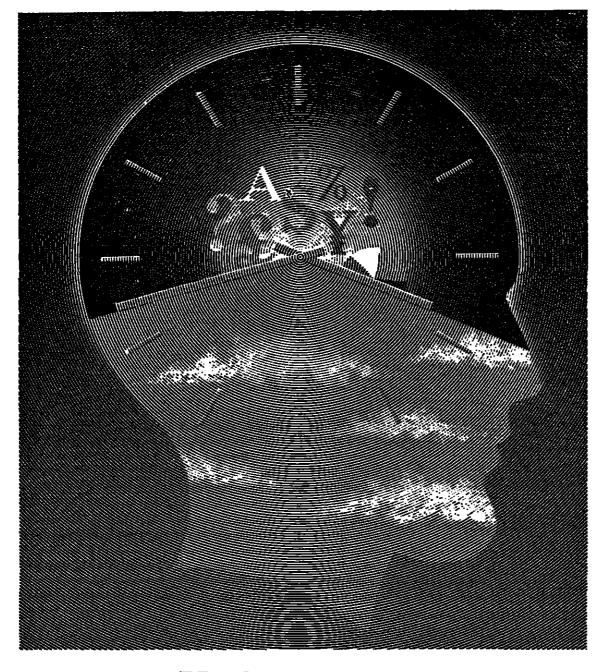
they have no mea when they are likely to return.
Since the beginning of this year, Pozzuoli, a fishing harbour and ferry port opposite the islands of Ischia and Procida in the Bay of Naples, has been subjected to more than 2,000 earth tremors—six alone on

Wednesday. Although usually of fairly low intensity on the Richter Scale, their cumulative effect has been to damage homes, some to the point at which they are no tonger habitable, throw people out of hed in the middle of the to damage homes, some to the point at which they are no ionger habitable, throw people out of bed in the middle of the night, and create a climate of fear that a major earthquake, like that which killed nearly like that which killed nearly 3,000 people in this part of Italy Plaze, NY, NY 10019.

likely to hit the old part of the

But he added: "One cannot say when the eruption will happen, in months, perhaps even years. The phenomenon is not receding and this is worry-ing. I would say; be on guard."

The professor's remarks are no comfort both for the Government, which has been attacked for moving slowly on what seems an intractable problem.



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CALL FOR STABLER INTERNATIONAL MONETARY SYSTEM

Delors urges pressure on U.S.

M JACQUES DELORS, the French Finance Minister, advocates concerted European pressure on the U.S. to secure a stabler international monetary system in an article published in Le Monde yesterday.

M Delors' paper—the fruit of a suppose heliday's reflections or the donar. He criticises the U.S. because the size and scale of their interventions were less than those of the European central banks. But he says he remains convinced that intervention can be useful.

a summer holiday's reflection on international monetary prob-lems—is timed to influence both this weekend's meeting of EEC Finance Ministers in Athens and the International Monetary Fund meeting at the end of the

His comments should also be read in the light of France tak-ing over the EEC presidency at the beginning of next year— an occasion that M Delors intends to use for pressing for U.S. to this stronger monetary co-operation within Europe.

• A reviv.

M Delors makes clear his impatience with the inadequacy of recent U.S. intervention to help

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smooth out the excessive fluc-tuations of the dollar. interest rates. He says the clue to this lies in a fall in interest vinced that intervention can be liquidities.

On the wider issues of international monetary stability and the debt crisis M Delors says countries in the payment of that governments have so far their debts. been performing the role of firemen. But he doubts whether

A revival of growth amongst

rates and a pick up in world commerce. A distribution of Special

Drawing Rights to developing countries to strengthen their A greater co-ordination in

countries in the payment of M Delors also reiterates his firemen. But he doubts whether this is enough and believes the turn of the architects has come. He believes common action is needed on at least three fronts and thinks that Europe can exercise pressure on the U.S. to this end. These three fronts are:

M Delors also reiterates his belief in the need for a diversification of reserve currencies europe should be ready to propose SDRs, the ECU and the Yen, with the Japanese now assuming responsibilities commensurate with their economic power.

M Delors says that Europe



M Jacques Delors

developing countries that will has increasingly the sterngth to third of the world's reserves, ensure them a real rate of speak with a single powerful and the ECU is playing an growth of GNP in excess of real voice. Its currencies are linked increasingly important role

West LB challenges interest rate policy

A LEADING West German bank has strongly challenged the often-expressed view that the level of German interest rates is "slavishly dependent" on the level of those in the U.S.

According to Westdeutsche Landesbank (West LB), D-mark rates have had more room for manoeuvre against dollar rates

The bank agrees that German

to 5.5 per cent, partly to help difference between the interest rates on long-term bonds in the U.S. and those in Germany has fluctuated by between 2.5 per cent and 5 per cent. The difference in money market rates has been still more marked.

The bank agrees that German

though much public talk at rates on long-term bonds in the U.S. and those in Germany has fluctuated by between 2.5 per cent and 5 per cent. The difference between the interest rates about interest rates mentals "altogether.

Looking ahead, the bank sees little chance of much greater has been still more marked.

The bank stresses that the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the more the market believed in a revaluation upwards of the medium term.

It believes the West German manoeuvre against dollar rates than is generally realised, and should win still more independence in future.

The bank agrees that German D-mark in the foreseeable rates tend to follow the general future, the more German inflation rate, at below 3 per trend of U.S. ones, but the experience of the past few years tively low against U.S. ones.

This belief, West LB says, that the German current account released yesterday—just before has often been quite wide. depends crucially on the will be in clear surplus this the Bundesbank raised the West LB notes, for example, strength of Germany's overall year and next, while the U.S. is Lombard rate by 0.5 per cent that since the start of 1981, the economic performance — even heading for record deficit.

EEC ministers seek nominee for IMF post

The West LB study was

EEC FINANCE Ministers are from the UK Treasury to the expected to select a nominee Foreign Office and since no neither candidate is appearing their ranks this weekend other countries are putting up at all anxious to have the job. for the key post of chairman of candidates, it is left to the EEC the interim committee of the to find the man.

International Monetary Fund.

The two front

An informal gathering on the Greek island of Keffalinia is the Ministers' last chance to discuss

The two Front Finances of Belgium and Mr Onno Ruding, the Ministers' last chance to discuss

by Sir Geoffrey Howe's move bestow it elsewhere.

shows the gap between the two

The two front runners appear who should fill the IMF job before the interim committee in 1976-77 and since he has enjoyed the prestige once, his construction of the property of the prestige once, his construction of the prestige once, his con

once the proposed 50 per cent cent entitlement.

In time-honoured tradition, increase in quota subscriptions neither candidate is appearing comes into force. The weekend's discussions, at backing the U.S. line that quota which most EEC central bankers increases should not mean will also be present, are also greater cash aid than at present likely to focus on other issues and that the maximum entitlement should be fixed at 102 per cent of the new country quotas. a common position on the volume of IMF aid which can be granted to individual countries

Greece and U.S. sign defence agreement

By Our Athens Correspondent GREECE and the U.S. yester-

day signed a new defence and economic co-operation agree-ment (DECA) in Athens which will extend the operation of the four major U.S. bases on Greek soil for at least five years.

The agreement was reached after tough negotiations with the Greek Socialist Government elected two years ago on the pledge of setting a fixed time-table for dismantling the bases. The English text of the agree ment was initialled on July 15. Since then Athens and Washing-ton have been locked in controversy over the Greek phras-ing of sensitive clauses dealing with the duration and the options for termination of the

agreement.
The precise terms will only become known with the release of the Greek and English texts scheduled for today. It is understood, however, that either side may renounce the agreement which has a five-year duration shortly before the termination

Danish Premier sees survival hopes rise

DENMARK'S four-party non-Socialist minority coalition, which celebrates its first anniversary in office on Saturday, improved its prospects of surviving for another year with

political deal The Government secured the agreement of the social-liberal Radical Party and the anti-tax Progress Party to a cut in the central government grant to

the government, but it changed its mind when Prime Minister Poul Schlüter con-ceded a small increase in the minimum income on which income tax will be payable in

Mr Schlüter said he expected that the effects of this agreement "will spread right The Progress Party, four of whose 16 members of the

Folketing (parliament) have resigned from the party recently, was deeply divided over its attitude to the government.

Sharp split emerges as Irish back abortion ban

BY BRENDAN KEENAN IN DUBLIN

A SHARP split between urban and rural voters emerged in the results of the Irish Republic's referendum to impose a constituency of Dr Garrett Fitz-which Fine Gael was moving under Dr FitzGerald's leader-stitutional ban on abortion.

There were early attempts to the last the divisions caused by

electorate did not bother to vote, as compared with general

Rural constituencies voted by over 4-1 in favour of the ban but the results were much closer in Dublin, with at least four constituencies voting against the proposal.

Overall, the amendment was carried easily with a majority of over 2-1. However, half of the electorate did not bulber in the results and property in Dublin. It is clear that voters in four constituencies supported the major party in Dublin. It is firefund called for restraint and the rebuilding of bridges in the wake of the referendum.

There were early attempts to heal the divisions caused by the referendum debate, particularly between the Roman Catholic and Professions Churches. The Anglican Churches in four constituencies supported the premier's stance.

He will still face criticisms

premier's stance. However, one senior Church He will still face criticisms of Ireland elergyman said there election turnouts of over 70 per based members of the party. A the Irish constitution and cent.

One of the biggest majorities of the proposal was tary party would have to dis-

Poland still at odds with Church

BY CHRISTOPHER BOBINSKI IN WARSAW

STRONGLY WORDED attack ing tomorrow.

A STRONGLY WORDED attack against the Vatican Osservatore Romano newspaper in Rzeczpospolita, the Polish Government daily shows that tempers are still frayed in relations between the church and the state here.

The attack, signed Observer, which denotes an official stance, appeared just before the Polish Primate, Cardinal Jozef Glemp, is due to travel to Vienna today to accompany the Pope on his three-day visit to Austria start—

ing tomorrow.

In effect, Rzeczpospolita, The statement, which suggests that the authorities are following U.S. policy and offensive against the church, came a few days after the return to his post of Mr Kazimier this week, appeared just before the Polish Primate, Cardinal Jozef Glemp, is due to travel to Vienna today to accompany the Pope on his three-day visit to Austria start—

ing tomorrow.

In effect, Rzeczpospolita, The statement, which suggests that the authorities are not contemplating an all-out offensive against the church, authorities talk to "the antimoter to his post of Mr Kazimier to his post normal thing."

East-West German ties improve

BY LESLIE COLITT IN BERLIN

local councils next year in a vote taking place today.

Earlier, the Progress Party was threatening to bring down the government to be a constant to the government that the government the government the government the government the government the government that the government the governme and West Germany have attained a rare degree of warmth, despite the bitter verbal warfare between their respective allies in Moscow and Washington.

West German officials say this development must be seen in connection with a DM1bm (£222m) loan made in July to East Germany by 24 West German banks and guaranteed

by the Bonn Government. East Germany used the loan to pay off part of its estimated \$4bn in debts due this year to Western creditors. But East Berlin apparently needs more loans if it is to avoid sharp reductions in supplies to its own population, as a result of its

German border controllers at the frontier to West Berlin and West Germany are smiling these days and being particu-

in East Germany in July, a number of East Germans handed in leaving the country.

They have since been expedited to West Germany in record time, along with other East Germans, who telephoned many might be prepared to west German newspapers last allow more of its citizens below month to speak of their plight. At last Sunday's opening of Germany.

the Leipzig Fair, a beaming All this apparently explains Herr Honecker, the East Ger-why the normally stern East man leader, told Western correspondents that relations between Bonn and East Berlin were " on an ascending line."

In an unsual move, East Gerlarly helpful to Westerners.

When Herr Franz-Josef
Strauss, the ultra-conservative
Prime Minister of Bavaria, was manent representative to East Germany as telling Herr Honecker that "travel and him letters imploring his help visits" between the two coun-in leaving the country. tries should also become a firm component of their relations.

West German officials saw this as a hint that East Ger-

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waterfall at this point, nor the possibility of an artificial one.

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Brazil signing its International

One problem that is now task than deciding on the \$2bn emerging for the talks is that in new credits.

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The dramatic improvement



countries to ease the region's crippling \$300bn (£200bn) foreign debt.

external finance between now and the end of 1984, about \$1bn

more than previously antici-

The country's needs have been revised upwards because

of a shortfall in private supplier credits and lower inflows of

direct private investment.

The U.S. promised to study ways to help the region over-come its debt crisis but refused. to go along with any specific policy proposals.

Increased lending by inter-national financial institutions and the removal of trade bar-riers will be considered. The Latin American countries backed down from their two two main proposals after the 12-member U.S. delegation doggedly stuck to its guns and said it would not commit itself to any policy changes.

The Latin American countries tried to get the U.S. to agree

tried to get the U.S. to agree to expand the role of the Inter-

THE U.S. yesterday succeeded national Monetary Fund's in toning down a set of radical compensatory financing facility, countries to ease the region's which grants funds to countries crippling \$300bn (£200bn) which grants funds to countries whose exports have been adversely affected by falling approved by the countries facility to be widened to cover attending the special debt conference in Caracas convened by the Organisation of America States.

Brazilian credit needs revised

BY ANDREW WHITLEY IN RIO DE JANEIRO AND PETER MONTAGNON IN LONDON

and banks are now working on the basis that Brazh will need about \$11bn (£7.3bn) in new ments would involve a \$2bn

direct private investment.

Western creditors are expected to discuss the new requirement 25 meetings in Paris, Basle and New York next week but commitments on new money are unlikely to emerge before Brazil reaches the maximum that could be raised by the banks is closer to

One possible breakdown of

being considered by govern-ments would involve a \$2bn rescheduling of official export

credits, \$2bn in new government

loans and \$7bn in fresh com-mercial bank credits.

breakdown remains very flexible and has not been fully discussed

The committee believes that the maximum that could be raised by the banks is closer to

Bankers who follow Brazil say, however, that even this

The U.S. also balked at the idea that it completely revise its policy of "graduating" the exports of developing nations. Exports entering the U.S. are given special tariff treatment according to a country's level of

economic development. Latin American countries disputed the means by which their exports are taken off the list of preferential treatment once their country obtains a certain

level of development.

These were the two main proposals which kept on being put

Fund's after tough U.S. resistance. g facility, Despite the differences of countries opinion over how to tackle the debt crisis which has plunged Latin America into its worst

recession in 50 years the atmosphere of the conference was remarkably calm. Senior U.S. treasury officials said they had been expecting a rougher ride but that no aggres-sive speeches were given. "The guidelines we now have are so bland that even the commercial banks would put theihr signa-ture to them," said one official.

hTe idea of forming the much-feared "debtors club" which had been put forward by some radical Latin American politicians, was not on the agenda of discussions. U.S. officials said the project of a joint approach to negotiate better repayment terms never came

forward. Others, like an immediate increase of aimost \$16bn in the IMF's special drawing America's inability to service rights, were quickly dropped its debts, were not in evidence

at the conference apart from Mr Patrick Blake, a vice-presi-dent of Chase Manhattan Bank, He was among the special

Many governments are legally

hindered from extending med-ium-term cash credits to other governments, and this question

Scottish bank expands in U.S.

THE BANK of Scotland is to open a representative office in Chicago this autumn which will concentrate on corporate business in the mid-west. It will be run by Mr David Hunter, currently a vice-president at the bank's North American headquarters in New York,

The Bank of Scotland first opened up in the U.S. in 1972 when it set up a representative office in Houston as a logical development of its involvement in North Sea oil financing. It also has another representative office in Los Angeles.

Chilean general appeals for calm

Brazil signing its International Monetary Fund programme before they make any commitments even in principle.

Brazil for its part would like commitments from Western accepting the LMF medicine.

Beyond that, governments are still very vague about the form which the new money credits should take. A meeting of should take. A meeting of government creditors in Paris next week is expected to begin discussions on rescheduling about \$1.9bn in interest and principal owed by Brazil up until the end of 1984, but this will be a much less complex

Many governments are legally hindered from extending medium extending medium extendits to other governments, and this question is likely to be discussed by central bank governors at their monthly meeting in Basle on Monday.

In a change of tactic. Brazilian officials have this week begun to drop their sense of urgency on the IMF talks, but bank creditors warn that speed is still vital if lenders' confidence is to be maintained.

They are now looking to the IMF annual meeting at the end of this month as a deadline for a solution to the present crisis. SANTIAGO's new chief administrator, Brigadier General Roberto Guiliard, made a television appeal for calm yesterday and urged people to spura calls for violence during the fifth day of protest called by the Chilean opposition against the military government of President Augusto Pinochet.

On Wednesday night. Chilean security forces killed five suspected urban guerrillas apparently involved in last week's murder of SANTLAGO's new chief ad-

last week's murder of Santiago's chief administrator. General Carol Urzua, police said. Four men and orawoman were killed in two

woman were kined in two
separate gunbattles.
Sr Gabriel Valdes, president of the Democratic
Alliance of political parties
which organised yesterday's
protest, called on demonstraprotest, canen on demonstra-tors and police to make sure it was peaceful and avoid more deaths. A total of 32 people died in the four pre-vious protests. Sr Valdes, a former foreign

minister, also criticised Sr Sergio Jarpa, Interior Minister, for suggesting civilians should prepare to defend themselves against violence. He said that the previous violence had been caused mainly by security forces.

The Democrtic Alliance has urged Chileans to beat cooking pots from the windows of their homes for an hour in the evening in a peaceful pro-test against General Pino-chet's authoritarian rule. Yesterday police said they arrested 80 people on Wed-nesday and 43 on Tuesday Agencies

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MANOEUVRES IN HONDURAS Behind the warpaint, a tough task for the U.S.

BY TIM COONE IN TEGUCIGALPA

THE GREEN camouflage paint smeared on the cheeks of a new battalion of Salvadorean sol-diers did not hide the fact that most of them were young teenagers. The "Arce" bat-talion, named after an illustrious past Salvadorean general, is the first to complete a sixweek training programme run by U.S. special forces in Hon-

One of the American trainers, a colonel with experience in Vietnam and Cambodia said that most of the recruits had of San Salvador. Some were as young as 14—the average age was 17. Although the NCO's and officers were some of the colonel said, some of the 1,000 new recruits in the battalion would probably go off to join best he had come across, the the guerrillas when they re-turned to their home country

The U.S. army faces a difficult task in trying to support a demoralised and weakened Salvadorean army against of pue 'sellLions' salvadorean dissuade the Sandinista Government in Nicaragua from getting involved in alleged subversive

activities in the region. Mr Caspar Weinberger, the U.S. Defence Secretary, at present on tour in the region, was due to give a rallying speech at the passing-out parade of the teenage battalion yester-day, According to Pentagon officials, the main purpose of Mr_Weinberger's 24-hour visit to Honduras was to inspect some of the new U.S. military installations that have sprung up in the past two weeks.

These are the bases for the

six-month-long manoeuvres which began last month. At the which began last month. At the peak of the manoeuvres in November, more than 5,000 U.S. troops will be in Honduras, and there are strong possibilities that many may stay longer than the planned six months.

One U.S. army sergeant, another Vietnam veteran, said:

"I think we are going to see "I think we are going to see something like we did in Sinai,

with troops coming on six-month rotations. The infrastructure we're setting up here it too big just to leave after the manoeuvres." An artitlery battalion, attached to the elite 101st Airborne Division, has set itself up about five miles away from the started on in military training centre in Trujillo, northern Honduras.

Opponents if Nicaragua's left-wing leadership launched a rocket attack on airforce installations in Managua yes-terday, Reuter reports.

Sr Luis Carrion, the Deputy Minister of the Interior said a Cessna aircraft coming from Costa Rica fired two rockets at the military air base adjacent to the airport, damaging buildings and a number of aircraft.

Hit by anti-aircraft fire, the plane veered and crashed, Civilian passengers waiting to check in for the day's first flights said the control tower was set ablaze.

An official of the Nicaraguan right-wing guerrilla organisa-tion, the FDN (Nicaraguan Democratic Forces, said the FDN had not claimed responsibility for the homb attack at the airport.

400 troops would be in Honduras for six months, during which "We will improve our capability for operating in this type of region, as well as train type of region, as well as train units of the Honduran army." His battalion is on permanent alert, making it capable of being moved anywhere in the world on 18 hours' notice.

Other U.S. units now in Honduras are a 30-helicopter

transport aviation battalion, a 250-strong medical team, a 600man engineering battalion and units specialising in air attack guidance, and radar station operation. A second special forces unit will train Honduran troops in the south of the country. In November 2,000 marines are scheduled to make a landing at Trulillo.

Mr Weinberger announced in Panama earlier this week that the training centre will remain in Honduras until the situation in El Salvador stabolises. However, Sr Temis Prominent businessmon northern Honduras who has lost 7,000 acres of land to the centre (he is pursuing a claim for compensation through the U.S. courts) said: "I am pessimistic. I think it's going to be

Close to his home work has started on installation at Puerto Castillo, a banana port where a military training centre in Trujillo, northern Honduras. Corruption scandal stopped Wooden military barracks have been built, a refuelling site for helicopters established and training for the U.S. troops has begun.

The battalion commander, Col Tom Swain, said that his Castillo, a banana port where a corruption scandal stopped development 18 months ago. New warehouses have now gone up, large oil tanks have been built on the dockside and a U.S. naval vessel is tied up alongside. To the locals it looks very like the beginnings of a naval base.

Peron 'will return when civilian rule restored'

MADRID — Ex-Argentine sence was deemed absolutely President Maria Estela Peron necessary for the Peronists to win the October elections.

that she does not want to return home until civilian rule is restored, officials close to her said here yesterday.

Sra Peron would only break her resolve to return to Rusans.

Sra Peron, who was ousted by the military in 1976 and came to live in Spain in 1981, said shie did not want to make any political declarations until the her resolve to return to Rusans. her resolve to return to Buenos. Argentine armed forces had Aires before the end of the military dictatorship if her pre1:1

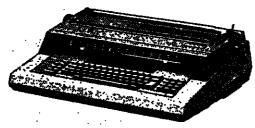
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BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO | DATA STORAGE

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale," Lord Rothschild says in the second annual report of Biotechnology
Investments. His report suggests that it is making good
progress—indeed, it reads like
a catalogue of the "blue chip"
end of the spectrum of new biotechnology companies which have blossomed in the past few

Increase

With two-thirds of the \$61m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value

per share on the year, and 35 per cent over two years. Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild sumfollows:

It must employ not only scientists of high calibre but also first-rate business mana-gers, so that the team is ready and able to establish a successful venture."

• Its business plan should immune deficiency syndrome). clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition. ● Its potential rate of return must be in line with the risk being taken.

• It must have a sponsor to act responsibility for the venture. (Although the fund itself has been known to act in this role.) The company must have plans for releasing the invest-ment, normally through a public

In the year ending May 31. the fund received \$2 investment proposals, of which 57 came from the U.S., compared with



companies in which to invest: Catalytica, where the \$1m invested will go mainly to support the use of enzymes in petro-chemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-

By this summer the scene had changed dramatically. No fever than four of the fund's investments have gone public. in each case advantageously:
Amgen, Applied Biosystems,
Integrated Genetics and
Immunex (see table). Mr David Leathers, investment manager, says that the fund has no inten-tion of selling companies which go public, but will still continue to apply the five rules by which they judged the original invest-ment. Even so, he admits that the fund it did not expect so many of its unquoted invest-

West Germany and British biotechnology investments. In the past Lord Roths-Of these, it chose three U.S. child has been forthright in expressing disappointment with denced by its first product, the the calibre of companies coming anti-interferon monolonal antiforward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotech-

> to do in the UK. During the year the fund made its first-ever investment in an unquoted British company. It is also its biggest investment in this sector. The fund has £3.1m in Celltech, the company with an inside track to the

nology investments has tended

Criteria

Celltech, to quote brokers Scrimgeour, Kemp-Gee and Co. last month: "fulfills the main criteria necessary for mounting ssful operation in this fast-developing, highly-techni-cal, field. The management

BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS

Mining/pollution Seeds, etc. Health care, etc. Instruments Catalysis Health care, etc. Bio-funds DNA Plant Technologenetic Systems Plant science Health care Diagnostics Health care Health care Vegetable crops Laboratory equipment Health care and

Shortly to be increased. I Now public.

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

company is able not just to mess plan. Then the partners make scientific discoveries but to scale-up, extract, purify, and to scale-up, extract, purify, and Two of the funds older U.S. market its products, as evi-

The current position, according to David Leathers, is that the fund is evaluating half-adozen British potential investments but has no new ones "on the front burner" from the U.S. It is, however, considering the investment of another \$1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

Of the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a "country cousin" of Celitech, to try to exploit the plant genetics research of the Agricultural Research Council.

As Biotechnology Investments see it, the new company has been very modestly funded by its three partners — British 16 from Britain, three from Israel and one apiece from Another dramatic change is Belgium, Canada, Finland, the view the fund takes of Cal/financial managers and the Call financial managers

investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immodiagnostics, to develop simple and mexpensive for doctors' surgeries: the other automated for clinics and hos-

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, genetic disease. Round at Roths-childs, they see the move as an important one for both com-

One further recent investment which excites the fund managers is the \$1m they have plunged on Genzyme, a U.S. company set up to acquire Whatman Blochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company, making fine chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology inter Biotechnology Investments see the company as virtually British but driven by American entrpreneurial initia-

Drexler laser card -interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institu-tions and conventional card companies seem to be keeping the Drexon high capacity laser card at arm's length, interest is card at arm's length, interest is growing fast in Japan and the U.S. in the idea of using the card to carry programs, leaving the business microcomputer's floppy or miniature Winchester disc free to read and write user

These wallet-sized read-only cards caused a flurry of interest when they were first announced two years ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silvery surface represent digits and are read by simple photodiode arrays. (A micron is a millionth of a metre.)

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexon as a competitor to magnetic stripe financial cards, it looks now as if as first applications will emerge in small computer program

Investment

For the established card com-panies, with a history and large investment in magnetic technology. Drexon could be seen as a threat, even though it might offer significant user

night oner significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are Canon, Elbit, Ericsson, Fujitsu, Kanto Denshi, NCR, Omron, Toshiba and Wang and the revenue yield for Drexler so far is US\$1.9m. Although the names are indicative of the way things are going, it is understood that a dozen banks in Japan have also looked at the system.

Drexler says that one of the

Japanese licensees plans to use 7m cards in 1985 for microcomputer software. Commercial equipments are expected from several of them by mid-1984.
Significant however, is the fact that none of the leading micro makers has adopted the technique. Drexler believes this is because no single leading company could obtain an advan-

probably in a business PC costing over \$3,000.

At this level, the \$70 to \$100 cost addition for the card reader is a small risk—not the case at the bottom end of the market with machines costing a few bundred dollars.

Is there a good reason for a PC maker to build two kinds of bulk storage device into his machine?

Cost is the key according to Drexler. The cards, of which 100,000 can be produced daily at a new \$3m plant at Sunnyvale, are priced at about \$1.5 each at such volume levels. each at such volume levels.
On each card 16m bits (2m characters or some 800 pages of text) can be recorded in sequential form at the plant for about US\$5. In this way, 20 or more programs of the kind used in PCs can be stored and kept in the user's pocket along with his credit cards.

Drexier thinks semiconductor read-only memory (ROM) cannot compete at \$30 to \$40 for a megabit in quantities of 10,000. And although chip prices may decline, the capacity of his optical medium can be of his optical medium can be expected to quadruple, he says.

But Drexler is unlikely to have it all his own way. The cost of conventional magnetics continues to fall (although there may be an irreducible minimum in the rotary mechanics), and just emerging from companies like Verimag in the U.S. are the so called "vertical" magnetic discs in which the magnetic particles are placed on end to cram more in and increase the recording den-

Furthermore, there has just been an announcement from Sony and Kokusai Denshin Denwa of the joint development of a re-recordable laser disc described in a brief statement as "magnetic-optical." There are no technical details but the disc's earsely is claimed to be disc's capacity is claimed to be 30 gigabits (30 thousand million bits) and Sony intends to begin



Plastics Du Pont's new process

DU PONT has announced a polymer plastics development called group transfer polymerisation (GTP) which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "unprecedented". ties and give "unprecedented" control of the final composi-

The new process is particu-larly applicable to the pro-duction of acrylic polymers

Property Computer valuations

AGENTS and institutions interested in the commercia property sector can now cal-culate residual valuations, equated yields, leasehold tenures and other valuation formulae on a portable com-

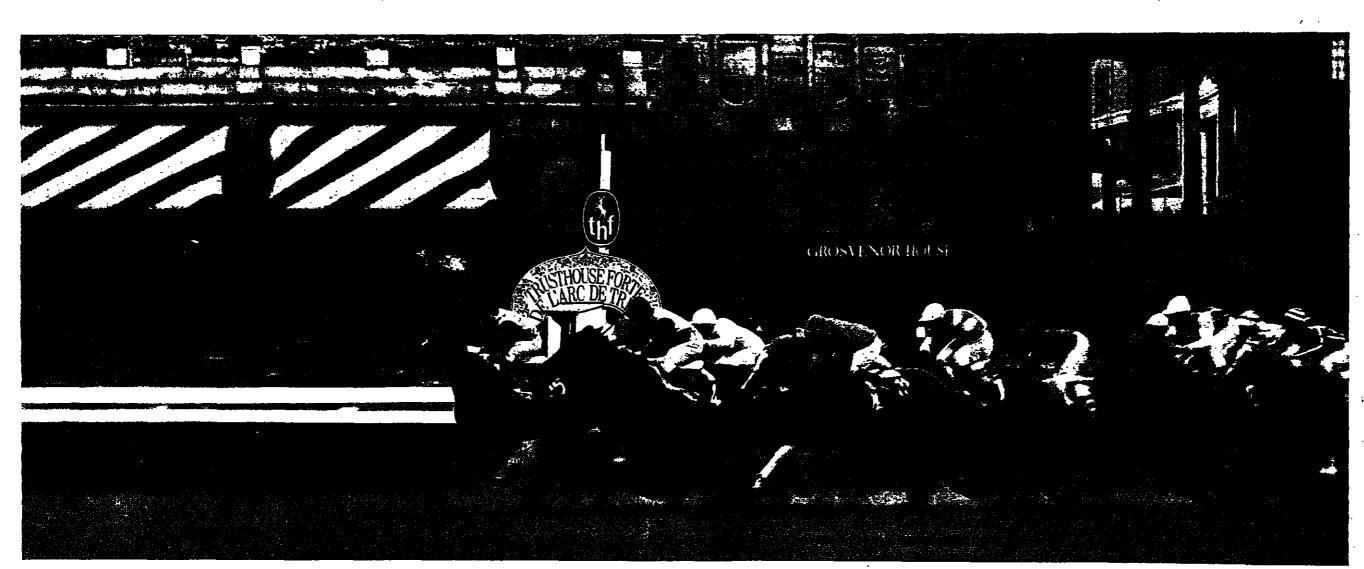
jei III.

puter. Stafford Robert and Part-Stafford Robert and Fartners in conjunction with
William Higgins and Company and Haslemere Estates,
have developed a suite of programs which run on the
Epsom HX-20, one of the new
breed of small Japanese port-

able machines.
The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is £875 plus VAT. "This means" Stafford Robert says, "That each partner can afford to have his own computer which he himself will find easy to operate without the intervention of a trained operator." More on 01-351 3522.

French correction

In yesterday's article on computing services, CAP/ Gemini / Sogeti was described as having acquired a stake in Sema. It should have read Sesa; Sema Metra is owned by Paribas.



This year's Prix de l'Arc de Triomphe is being run

This is the second year running that Trusthouse Forte have sponsored the Arc.

And our Grandstand is the Grosvenor House Hotel. The Grosvenor House is one of the finest hotels in the world. To start with, it houses one of the most exclusive restaurants in

London, serving the best in French cuisine. 90 Park Lane. And that's just one of the three restaurants included in the hotel. It also boasts the Great Room, perhaps the most spectacular ballroom in

the country. It has its own Health Club complete with gymnasium, swimming pool, saunas and jacuzzis.

The bedrooms and suites are all individually furnished, not simply with thought but with affection.

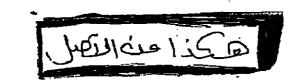
By contrast so many large hotels are virtually indistinguishable from one another.

Indeed, we'd go as far as to say that in any contest the Grosvenor House would emerge a clear favourite. For bookings telephone 01-499 6363 or telex 24871

Trusthouse Forte

Neither do the refreshing aspects of the hotel





WORLD TRADE NEWS

Zambia to reschedule \$540m debts

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

THE ZAMBIAN Government is to construction of the Tazara railway announce proposals in the next two to Dar-es-Salaam.

Repayment of Zambia's arrears on short-term payments, with the aim the same basis as short-term interof repaying the total over a period goverment debt - trade payments

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don before the end of the month of as a special concession in Zambia's general. the 20 largest companies who are successful Paris Club rescheduling owed money, to explain and discuss in May. the proposals, according to Mr Bit-

of Zambia.

One option to be offered to those who have trade payments, profits, dividends or personal remittances blocked in the pipeline because of Zambia's foreign exchange crisis

The Paris Club deal followed agreement in April on a SDR

The other major success in remering the immediate pressure on Zambia's dwindling foreign exceptions agreement has also been reasonable some statement has also been re ernment to postpone for a further 10 years repayment of some \$500m owed jointly with Tanzania for the in October.

A meeting is to be called in Lon-tee agencies - which was included insured by the export credit guaran-

That agreement provided for well Kuwani, governor of the Bank more than \$190m of arrears on short- and medium-term debt to be

will be to reinvest the money as if it were newly imported foreign capital, enjoying the same preferential ternational Monetary fund, whose second SDR 45m tranche is expect-

years, with 10 per cent to be paid when the deal is signed, sometime

West urged to set up new Bretton **Woods agreement**

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

ANOTHER Bretton Woods tarial report recommends conference on the world annual issues of special draw-financial and trading system is rights (SDRs) by the IMF, sters published yesterday.

economists set up earlier this year has concluded that the world needs new institutions as well as convergent trading policies to help stave off the threat of a major financial

It calls for a new forum serviced by the major inter-national financial institutions, guidelines for more stable exchange rates under IMF surveillance, and better policy co-ordination.

between the General Agreetions for a global conference, ment on Tariffs and Trade That conference should be resemble the International Trade Organisation proposed after the Second World War

but never set up. Yesterday's report provides further ammunition for those world leaders like President Mitterrand of France who have been pressing for more management of exchange rates.

proposed in a report for an increase in IMF funds with Commonwealth finance ministers published yesterday. A group of nine bankers and credit conditions for poorer countries and more funds for the World Bank.

It calls on richer nations to It calls on richer nations to honour their development aid pledges to give 0.15 per cent of GNP or double aid to the poorest countries by 1985 and to meet the global target for development aid of 0.7 per cent of GNP no later than the end of the decade.

of the decade. Meanwhile over the next 12 months there should be thorough preparation by a group of about 20 ministers and heads of the international financial institu-

That conference should be as (Gatt) and the UN Conference broad in scope as the 194 meetfor Trade and Development ing at Bretton Wood in the U.S. (Unctad). leading to the when fixed parity system of creation of an umbrella body exchange rates was formulated containing the two. This would resemble the International were created.

Yesterday's report will be discussed by Commonwealth Finance Ministers in Trinidad September 21-22 and at the Commonwealth summit in New Delhi in November.

Towards a New Bretton een pressing for more man-gement of exchange rates. Woods: Commonwealth Secre-tariot, Marlborough House, Lon-don SW1; £5 from September 26.

U.S. customs strengthens grip on strategic exports

BY CHRISTIAN TYLER

U.S. CUSTOMS vigilance over crackdown ordered by the illegal exports of technology to Reagan Administration and the Soviet Union is being known as "Operation Exodus" further increased because of the the last 18 months. Korean airliner with 269 people on board.

But there are no specific extra export measures in pros-pect, according to Mr William von Raab, U.S. Commissioner of

The Commissioner, who was in London yesterday for talks with UK customs authorities, and a formal luncheon, said that there would be further consul-tation with America's European allies on how to stop the leak of equipment banned by the

About \$100m-worth of strategic goods had been seized. Before Operation Exodus around \$1bn of strategic exports a year were being re-corded, of which perhaps 20 to

25 per cent were illegal. Mr von Raab said U.S. Cus toms had been concentrating on such items as microelectronic systems, lasers, weapons guid-ance equipment and the equip-

ment that made production of these items possible. Operation Exodus has its own budget of \$30m within the customs total buizet of \$600m. He claimed, however, that a and 400 enforcement officers.

W. European banks back

Turkish frigate purchase

TURKEY has signed an agreement with a consortium of West European banks for a loan totalling DM 1bn (£250m) the Finance Munistry amnounced yesterday, AP reports from Ankara.

Turkish and Switzerland would also be contributing to the project that is aimed at modernisation of the Turkish navy. No figures were given on their contributions.

The defence financing accord

The credit is in the form of

Turkish navy.
Two of the frigates are to be built at shipyards in Hamburg

and Kiel and the other two in Turkey with equipment to be provided by West German companies, the ministry said. The agreement was signed by Turkish treasury officials and

The banking consortium, made up of 13 banks from West Germany, the Netherlands and Luxembourg, is led by the Deutsche Bank.

Finance Ministry officials range of Fruehauf trucktion on repayment conditions

Reuter writes from Detroit. and the rate of interest on the

The ministry said the U.S. options.

The defence financing accord follows Wednesday's announcement that Trukey had agreed to export financing for the pur-chase of four frigates by the craft from the General Dynamics Company of the U.S. Some \$2.5bn in financing will ment's military assistance programe, with \$500m to be supplied through an offset trade deal, and the Turkish treasury

Turkish treasury officials and the representatives of the banks.

The banking consortium international division has signed a licence agreement with KOC Holding of Turkey, which gives KOC the right to manufacture and market a broad

The five-year licence agree ment has additional five-year

Anthony Moreton and Anthony McDermott in Geneva on the background to a Chinese textiles mission

Why China may prefer MFA to full Gatt membership

A FIVE-MAN mission of senior groundwork for some years a penalty. China would have to The Chinese overtures, which Chinese officials arrives in about an association with Catt pay its membership dues back have been generally welcomed Geneva next Wednesday to but has given no indication to 1950, a sum which one by the missions, is not unbegin talks which could lead to China rejoining Gatt — the General Agreement on Tariffs and Trade—or joining for the first time one of Galt's most important offshoots, the Multi-first time one of Galt's most important offshoots are first time one of Galt's most important offshoots are first time one of Galt's most important offshoots are first time one of Galt's most important offshoots are first time one of Galt's most important offshoots are first time o

important offshoots, the Multi-fibre Arrangement, which regulates much of world trade in textiles and clothing.
The team, to be led by Mr Chou, of the Ministry of Foreign Economic Relations and Trade, already has an appoint-ment pencilled in to see Mr Arthur Dunkel, Gatt's director-general.

in theory, its membership has

The latter could be costly for, MFA since the agreement only a theory, its membership has came into operation in 1974 and

added advantage that it would involve rather less foreign in-trusion into its affairs. One of

came into operation in 1974 and the feeling in Geneva is that this is what China will opt for. China has already had preliminary talks with the U.S. about joining the MFA.

This course would the deals with the EEC run out at the end of this year and it fears greater restrictives if it remains outside the MFA.

China is known.

avoid the sort of imbroglio it found itself enmeshed in this summer before it finally worked Arthur Dunkel, Gatt's directorgeneral.

It has also been making arrangements to see many of the 70 or so missions in the city, the most important being Hong Kong, South Korea, Egypt, Pakistan, India and Brazil among the supplying nations, and the U.S., Japan, Sweden and the EEC among the buyers.

China has been laying the This would, however, involve Tather less foreign into its affairs. One of the conditions of joining Gatt is that all its trade agreements into its affairs. One of the conditions of joining Gatt is that all its trade agreements and statistics are open to international inspection whereas poining the MFA would result in only its textile becoming general knowledge.

Nationalist leaders had no right to take China out and that it could resume membership.

This would, however, involve rather less foreign intrusion into its affairs. One of the conditions of joining Gatt is that all its trade agreements and statistics are open to international inspection whereas poining the MFA would result in only its textile becoming general knowledge.

Wheat sales from the U.S. to China were also hit and the dispute caused a sharp derived out a textile trade deal with the U.S. Unilaterally imposed import restrictions on Chinese exports and China in turn threatened to stop buying cotton, soyabcans and some maning general knowledge.

Wheat sales from the U.S. to China were also hit and the dispute caused a sharp derived in this into its affairs. One of the conditions of joining Gatt would on the U.S. U.S. Unilaterally imposed in the U.S. U.S. Unilaterally imposed in the U.S. When initial talks failed the U.S. Unilaterally imposed in the U.S. U.S. Unilaterally in out a textile beau out a textile trade deal with the U.S. U.S. Unilaterally imposed in the U.S.

Entry into the MFA would also give China leverage in negotiations which will begin next year over a successor to the present MFA, the third to be signed, which runs out in the middle of 1986. As a major supplying nation China could

Most supplying nations would welcome China

the negotiations Many of the suppliers, such as Hong Kong, South Korea, Pakistan and Macao resent what they see as the highly restric-tive nature of the present MFA. dispute caused a sharp ideally, they would prefer to cal stances and this is an im-deterioration in diplomatic see the MFA buried when it portant factor in the welcome relations between Peking and comes up for renewal. Failing being offered the Chinese.

that, they want more generous terms for the growth of their exports into the industrialised markets - the West.

Most supplying nations there-fore welcome the arrival of China in Geneva, Mr Mohammed Bajwa, economic counsellor at the Pakistani mission, said: "Politically, it will strengthen our ranks, which is important

given the growing protectionism taking place in the U.S."

To turn itself into a good companion the Chinese have been keeping a close track on events in Geneva for some three years.

They are helped by the nonexpect to play a central part in controversial nature of much of the atmosphere in Gatt. Unlike Unctad, which is a hothouse of political intrigue and power-groupings, Gatt has always worked for the benefit of mem-bers irrespective of their politi-

Sankyo buys UK know-how

BY CARLA RAPOPORT

CELLTECH, the UK biotechnology company, and Sankyo,
Japan's second largest drug
company, yesterday announced
two major licensing agreements.

The deal represents Celltech's
first chance to reap the benefits
of its research in the health

The deal represents Celltech's
first chance to reap the benefits of its research in the health

the treatment of heart and bone The two new products are pected to grow rapidly, accord-

company, yesterday announced two major licensing agreements. The deal represents Celltech's first chance to reap the benefits of the companies already involved in producing it.

Sankyo a world-wide licence for Celltech's research and development work on two important therapeutic products with potential applications in the potential applications in the treatment of the potential applications in the companies already accompetitive field, with several Japanese companies already involved in producing it.

The deal represents Celltech's field, with several Japanese companies already involved in producing it.

The world market for TPA asian Nations (Asean).

The deal represents Celltech's field, with several Japanese companies already involved in producing it.

The world market for TPA asian Nations (Asean).

The wo

Far East freight increase is cut

BY CHRIS SHERWELL IN SINGAPORE

THE FAR Eastern Freight Conference (FEFC), which groups shipping lines serving the Far that costlier fuel had raised the

ning of next year instead of

the treatment of heart and bone
disease.

The two new products are pected to grow rapidly, according to Celtech.

Sankyo is believed to have paid more than film for the licences. The new products are

Sankyo is believed to have paid more than film for the licences. The new products are

The two new products are pected to grow rapidly, according to Celtech.

The two companies are also planning to collaborate in a programme to investigate a new licences. The new products are

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The two onew products are pected to grow rapidly, according to celtech.

The two occurs of the two companies are also planning to collaborate in a programme to investigate a new products are pected to grow rapidly, according to the control of the ping Council charman and exports to Europe and South-lindustry in Malaysia, was East Asia, and will encourage the increase was untimely quoted yesterday as saying he the use of each other's shups for carriage of carry.

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Mr Oo Gin Sun, Asean Shiper offeris to use each other's ports

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Volkskas — the most diversified South African banking group

BY RICHARD ROLFE

In the latest of the series on South African commerce and industry, Richard Rolfe, editor of Finance Week, Johannesburg talks to Volkskas group managing director, Dr. Pieter Morkel.

From a humble beginning in 1934, Volkskas has firmly established itself in the South African business community. Starting as a retail bank, Volkskas Group today caters for the whole spectrum of banking and related financial services. It has acquired miscellaneous non-banking interests to become the most diversified group of its kind in South Africa today. Based on solid foundations in the Republic, it recently ventured abroad by offering solesale banking services in London via a subsidiary, Volkskas International Ltd.

This South African-controlled group has a distinct South African character with its historical base strongly embedded in the farming community. Present-day business philosophy remains conservative, though its business methods are distinctly modern and scientific.

Volkskas Limited is by far the most important of the banking subsidiaries, offering a comprehensive range of commercial banking facilities through morethan 600 branches and acencies nationwide. At the end of 1982 total assets amounted to R5.3 billion

Volkskas Merchant Bank, acquired in 1978, has firmly established itself in the wholesale banking market. Its growth record over the past five years has been outstanding. Over the past two years in particular it has earned itself the position as leader in primary capital market issues in South Africa,

Volkskas Industrial Bank Limited mainly caters for the medium term financing requirements of the business community while Volkskas Savings Bank accepts longer term deposits and grants longer term loans to customers. Bank OFS, a subsidiary acquired in 1981, is a general bank specialising in the retail instalment sale and leasing market. In the Bank of Transkei Volkskas Limited holds a 50 per cent interest, making it the only group with such an agreement.

The most significant Volkskas development over the past years, however, has been the acquisition of a bank in London, renamed Volkskas International, This subsidiary offers a comprehensive range of wholesale banking services and acts as mediator berween the group's South African subsidiaries and the London money and capital market, still regarded by Volkskay as the centre of the financial world.

Volkskas Group's industrial interests profoundly distinguish it from the other banking groups, his major industrial interest is vested in Bonuskor, quoted on the Johannesburg Stock Exchange and controlling a large number of subsidiaries in agriculture, forestry, manufacturing and commerce. Bonuskor subsidiaries of particular interest are Mitco Took, which manufactures ordinary and masonry drills, mainly for export, Midmacor is franchise holder for a large number of products, the most important being Honda motorcycles with an approximate 40 per cent share of the South African motorcycle market. Univa Holdings produces a large variety of electrical and other household appliances and as such caters for a fast growing market. fuelled by the sharply increasing purchasing power of the non-white population.

Other important industrial interests include Transvaal Sugar Corporation, Transvaal Maileable Foundries and D & M Padaanleg, a civil construction concern. Minority interests are held in Total South Africa, United Car & Diesel Distributors, the assembler and distributor of Mercedes Benz cars and trucks in South Africa and neighbouring states, August Laepple, a motor industry body pressing manufacturer, and Karl Schmidt, whose main activity is production of aluminium pistons for the

Other financial interests include a 30 per cent share in the formerly British-controlled life insurance group Legal and General, now renamed Legal & General Volkskas; Momentum Life Assurers; Maritime & General Insurance and various broking firms operating in the life and short term

Rolfe: What plans does the Volkskas Group have to

develop overseas? Morkel: Our London bank, Volkskas International Ltd, which we bought a year ago, is a licensed institution at present but we are working towards getting banking status for it and we are confident that we will achieve hanking status in due course.

We would like to service South African as well as U.K. companies involved in foreign trade: I would say that is our main purpose. The second is to be involved in the London foreign exchange market with a view to making better deals for our clients. Along with financing of trade, these are the major objectives of buying a bank in London. The third area would be syndicated loans, where the market is fair-It subdued at the moment, but we hope to get involved in due course on a substantial scale. For the future we are planning to go to the U.S.A. and the Far East by way of representative offices which may expand into branches in time.

We also have agent, or correspondent relationships with 700 foreign banks and this has proved a very useful service to our clients.

Head Office:

London subsidiary:

Volkskas Centre, Stripdom Square,

Volkskas International Limited,

Managing Director: GJK, Bösser.

Tel. Pretoria (012) 29-5911. Telex 3-0591.

230 Van der Walt Street, Pretoria (XiO2, Republic of South Africa,

52/54 Gracecoureb Street, London EC/N OEH, Tel. (01) 626-7800.

Rolfe: The structure of the Volkskas group is closer to the German-style universal bank than to the British or American banking structure; what advan-

Markel: On the financial services side we are involv-

ed in insurance, insurance broking and trust com-

panies with a comprehensive range of services. Apart from that, we have substantial industrial involvement. Historically, as well as for the future, you can earn a higher return on your capital in industry than in banking. In banking, statutory requirements are a limitation to the return on capital you can earn, even if you are 100% effective. But your operations can be sensitive to economic fluctuations which may nullify the aim of trying to

sweeten earnings. Taken over the long term, though, I would say that achieving higher earnings than from

banking is the objective of being involved in in-

dustry. Volkskas Industries is run completely

distinct from the banking side, it's not within the bank, which is different from the German system. But the rationale is much the same. Rolfe: A unique feature of Volkskas that whereas other South African banks are controlled by life insurers, or life assurers to have the biggest shareholdings, you control your own life insurer in

Morkel: A banking operation creates short-term capital whereas life insurance creates long-term capital and we think the marching of short with long-term capital makes a lot of sense. We have a stake in three insurance companies, two long-term and one short-term, and I think this is a logical

Legal & General Volkskas, What is your thinking on

Apart from pension funds, your long-term assurance companies are the areas where capital formation takes place, and if you are not involved in that you are going to be out in the cold. You have to have a piece of that action, which is why we formed Legal & General Volkskas, which has done very

Four years ago, its total assets were R350 million

and it's now up to one billion rand. Rolfe: What consequences do you foresee for Volkskas in the recent changes in the South African banking environment, particularly the greater degree of competition and the relaxation of exchange con-

Morkel: Obviously there is pressure on your profit margins, which I don't think is too serious: more important is that it will hasten developments which are already taking place.

The first is that one is utilising electronic technology to provide a better and cheaper service to clients and the fact that profit margins are under pressure will certainly hasten that process. Certainly, this is our intent. Second, there will be more emphasis on marketing. Third, we will put more emphasis on increasing productivity, in part by utilising technology but more especially staff productivity. In our instance we are going to devote a lot of attention to increase productivity and contain costs in that

On foreign exchange, we are now part of the

Volkskas Group Limited



Dr. Pieter Morkel

have more relaxation.

world financial set-up and we are sensitive to overseas economic developments, in particular, interest rate and foreign exchange rate movements. Within the country you will find that there will be a lot more volatility in interest rates as well as in various exchange rates, which will make forecasting a lot more difficult. One will have to learn to live with that and, going further, exploit the climate of volatile interest rates and volatile exchange rates.

Down to specifies, the cash currency balances that we can now hold on an increased scale, and also the special swaps with the Reserve Bank, will give us a deeper involvement in the international foreign exchange market. For instance, on forward cover you can to some extent now do this yourself instead of just buying it and cover your own client's position at best cost to the client. The other obvious point is that you have another medium of investment. The limits are small at present, but if one takes it a stepfurther then we will become part and parcel of the whole world wide financial market where we have been pretty well isolated up to now. I anticipate we'll

Rolle: How do Volkskas' key ratios compare with other South African banks?

Morkel: It you take capital reserves to deposits Volkskas is on 6,5 against the arithmetical average for the industry of 5,5, so our capital ratio is higher

than the average for the industry, I think a significant difference between us and the other banks is the dividend cover. We are on 3,5 at the moment but the average is 2.5. I think this is too high, I would like to get it down to about 3,0 over 3 period of time, maybe even lower, but right at this point our plough-back is significantly bigger, Another significant point is that our bad debt situa-

tion is negligible. Rolfe: What major areas of growth do you foresee

for the group in South Africa? Morkel: If you look at the banking side first, we are in the fortunate position at Volkskas that our penetration in two particular sectors is very low, Lirst, in the corporate market, which we are moving into on a significant scale and penetrating with a high degree of success. The other one is that contrary to other banks, Volkskas started with branches in rural areas and at this point in time our penetration of the urban areas is very small compared to

So our future thrust will be into the urban areas on a personal banking level, where we have an area of expansion which the other banks don't have. We find, too, that ethnic differences aren't important any more. So on the banking side certainly there is moon for judicious expansion.

other banks.

We will expand on the industrial side, too, with a view to establishing really viable units. In industry you are either big or you are dead, and we want to be

THE PROPERTY MARKET BY ALISON HOGAN

Along with returnshined, says the consortium, lagging centres need to change mix, merchandise and centre management attitudes.

management attitudes.

• A 64,500 sq ft Warehouse/
office complex at 1/21 Penarth
Street, London SEI5, is to be
let by its owners, Fourgate
Properties, part of the Moss
Group, by auction. A disclosed reserve of helow
£25,000 per annum is being
quoted, which equates to 39p
a sq ft. Joint auctioneers are
Harman Healey. King and

a sq 1t. Joint auctioneers are Harman Healey, King and Company and Ross Jaye.

An exhibition of new development in historic towns, organised by the British Property Federation,

was opened by Environment Secretary Patrick Jenkin this

week. The exhibition, at Hobbouse Court, Suffolk Street, London SW1, is open

to the public until October L.

• In Aberdeen, office lettings

are up 38 per cent and indus-trial property takeup has increased by 29 per cent, according to the latest half

yearly Aberdeen commercial and industrial property sur-vey from Drivers Jonas.

Land Securities faces facts European Ferries

boil down to prospective tenant interest but precious lack of immediate commitment-Land Securities is cutting the asking rent for its Devonshire House development on top of Picca-dilly's Green Park underground station and going for multiple tenancies rather than a single

As a whole, says Land Securi-As a whole, says Land Securities' Ian Henderson, Devonshire House's 150,000 sq ft, has been on the market for about a year at around £25 a square foot. The development, a substantial reconstruction within the outer walls, was completed in March. The asking rent now is £24 a foot reducing to £20—" £22.50 for the average floor," says John Bodie of letting agents DE and

"We had a lot of inquiries a year ago for floors in the building," says Bodie. "There is more space available now, but no buildings of this quality in prime locations have appeared on the market since then." The building's nine main floors lend themselves to combinations of 30,000 to 40,000 sq ft or more. Bodie says he has seen a lot of potential enquiries in the 40,000 to 60,000 area—oil companies advantising area—oil companies, advertising agents and a bank head the list:

the building, says Henderson, is a "bit pricey" for the profes-sional market. These tactics, and the build-

important, especially at a time when he is ready to move." Roe sees prime rents in the West End at about £20 a foot

rising to £25 for special situa-tions. Devonshire House is an excellent building in a top loca-tion and both its pricing and excellent building in a top location and both its pricing and west End news this week when marketing now look about right — "matching the commodity with what the market wants," as Roe puts it.

Reconstruction of Devention and around £6m.

Land Securities made more west End news this week when Lloyds Bank took 22,500 sq ft of its 26/32 Oxford Street redevelopment for a major banking facility.

Reconstruction of Devonshire House started in 1979, and although building costs must have been close to £100 a foot on third party calculations, the investment arithmetic still comes out comfortably in the black. Slightly lower down the West End scale, the sums are

Ashley arithmetic

Hillier Parker's marketing of Ashley House — the former British Gas headquarters at

British Gas headquarters at 2, Monck Street, London SW1—illustrates how the market has worked against the developer in the last year or two.

Centrovincial Estates' redevelopment here has just been completed at an overall cost of f7m to £8m. The asking rent for the 27,330 sq ft of office space (with associated car parking) is £475,000, or just over £18 a foot. On a 51 to 6 per cent a foot. On a 51 to 6 per cent yield basis, the indicated investment value is £84m to £9m, which leaves little apparent ing itself, find favour with which leaves little apparent Chris Roe, a Richard Ellis development profit margin.

specialist in the West End Three years ago the projections would have been different. place at large measures per- A 1983 rent of £20 a foot and a

FACING realities in London's formance by pricing," says Roe. 41 per cent yield would have West End office market—which boil down to prospective tenant negotiating with him is more 12m and Centrovincial well in the money.

However, the proposition is more viable than it looks. After tax relief, the probable true cost of the development is around £6m.

The new air-conditioned bank-ing hall, one of largest in the West End, will occupy the en-tire first floor, former site of the famous Frascati restaurant. It will be approached from a 19 foot frontage with escalator, lift and stairs flanked on either side by shops.
A further 11,000 sq ft is

vacant on upper floors with planning permission for light in-dustrial, studio or educational The bank which opens in the

autumn will give a much needed boost to the east end of Oxford Street, outperformed for some time by the up-market Bond Street to Marble Arch stretch.

Further upgrading should follow the completion of the Crown Commissioners' development at the corner of Wardour Street and Oxford Street, expected to be some 60,000 sq ft—and in the longer term, Equity life's planned redevelopment of the department store Bourne and Hollingsworth which closed in August.

WILLIAM COCHRANE

sale at Park Royal

TOWNSEND Thoresen Properties, part of European Ferries, has sold its 100,000 sq ft industrial development at Park Royal, London NW10 to two corporate clients of the Colegrave Group for around 25m. Unit rents will vary from £3.60 to £4.75. European Ferries has a 25 year overriding leaseback. Centre Consortium.

Europe's largest design consultancy, Fitch has got together with David J. Peek Associates, a shopping management consultancy, and the Specialist Research Unit whose work covers the mechanics of the shopping process and consumer motivaoverriding leaseback. Along with refurbishment,

· Kennedy Brookes' wholly owned subsidiary, Lennox-court, will develop the cater-ing rights to the Trocadero's three main restaurant areas at a cost of up to £3m. Elec-tricity Supply Nominees, the freeholder, will contribute £1.5m. The first restaurant will open in the spring.

• The Prudential Insurance Company of America has sold the 245,090 sq ft Hawthorne Business Center near Los Angeles to St Paul Properties, represented by Richard Ellis for between \$9m and \$10m. The Center's four single-storey buildings are fully let to six tenants.

 Taylor Woodrow has acquired a freehold site in the City of London at the junction of New Bridge Street and Bride Lane from the Anglia Building Society and the City Corporation. It has planning permission for 30,000 sq ft of offices on seven floors.

• REFURBISHMENT is not enough, says the new Shop-ing Centre Report, a bimonthly market digest pub-lished this week by the Fitch and Company Shopping approach at PDC

GOVERNMENT IS said to be studying the question of use classes for commercial property, which can be a bugbear for developers. Some planners go by the book, and put a block on activity; yet even the present use classes might serve if they were interpreted with some imagination at local level.

Peterborough Development

Market has acquired a 4.600 sq m building in the centre of Brussels which agents of the few new office buildings still available in the city.

The rent for the building situated in the Quartier Leopold, Brussel's main commercial district, is at the top end of the market with an initial rent of

Flexible

Peterborough Development Corporation has been illustrating the flexible approach at the request of developer Dennis Adams, a sporty entrepreneur who was looking at sites for an ice rink in Cambridge for four or five years, and was blocked every time.

he was directed to by the planning department was some land near the airport. Unfortunately, it had a height restriction of 3 feet.

The PDC made ten acres available in short order. The ice

ships next year. This led to a gymnasium and snooker hall which opened earlier this year.
Adam's next stage is a tennis college with linked residential accommodation which opens in November of this year.

Brussels runs out of new office space

Market has acquired a says that by October when 4.600 sq m building in the centre of Brussels which agents

Jones Lang Wootton say is one size still available in the Qtr

still available in the city.

The rent for the building situated in the Quartier Leopold. Brussel's main commercial district, is at the top end of the market with an initial rent of BF 18m per annum for the building which consists of a ground floor, seven upper floors and parking for 40 cars.

M Michel Pilette. JLW

and parking for 40 cars.

M. Michel Pilette, JLW partner in Brussels says: "After years of oversupply in the city, available new space has finally been soaked up and the vacancy ratio in the last quarter at 4.6 per cent is its lowest level for ten years." Adams says that the last site ten years.

ten years."

The Common Market usually prefers to take larger areas of space and was forced to go for the smaller buildings as 5,000 sq m is the largest single unit of modern space now available.

available in short order. The ice rink is a single building with a clear span, and no frills; it could be used as a warehouse which initially eased any worries that the funder, the Universities Staff Superannuation Fund, might have had.

As it is, the rink has been a success and expects to host the world speed skating championships next year. This led to a graphic support of the past couple of years, and M. Pilette says a gap has now been reached which could last at least two years, before developers recognise the situation and bring new space on to the market.

Meanwhile, the lack of new

Meanwhile, the lack of new office space has boosted rents. A record rent of BF 4.650 sq m was achieved for an 8.000 sq m area in the Avenue Louise, insure slightly away from the prime UAP.

THE EUROPEAN Common Qtr Leopold area, M. Pilette Market has acquired a says that by October when Leopold, the Pan Building with

5,000 sq m.
Mr Michael Bamber, Richard
Ellis managing director in
Brussels confirmed the pick-up in the market over the past four months. 'The Flemish Regional

months. "The Flemish Regional Authority alone is seeking 50,000 sq m at present," he says. The lack of new developments has plunged the building sector into a recession. A recent Cerman survey of the building sector in Europe revealed that Brussels has the lowest activity of any city in Europe. Some local institutions are responding to the resulting low building costs and redeveloping existing sites, as a long-term investment. The merchant bank COB is

sites, as a long-term investment.

The merchant bank COB is building new headquarters in the Qtr Leopold while the Government is building 150,000 sq m of new space, both for owner occuration. When complete these developments will release their former premises on to the market to boost

supply. Mr Bamber says that development yields in Brussels have been too low to allow companies been too low to allow companies relying on 100 per cent finance to develop anything but pre-let properties, where the long-term investor is protected.

The owner of the office block let to the Common Market is the insurance company Urbaine/

in order

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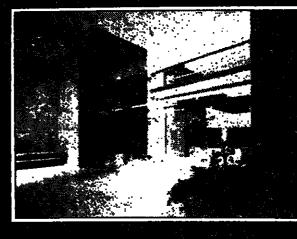
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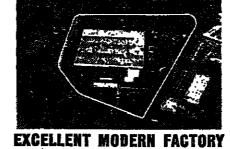


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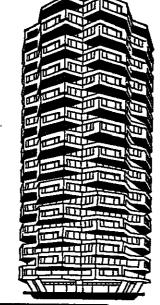
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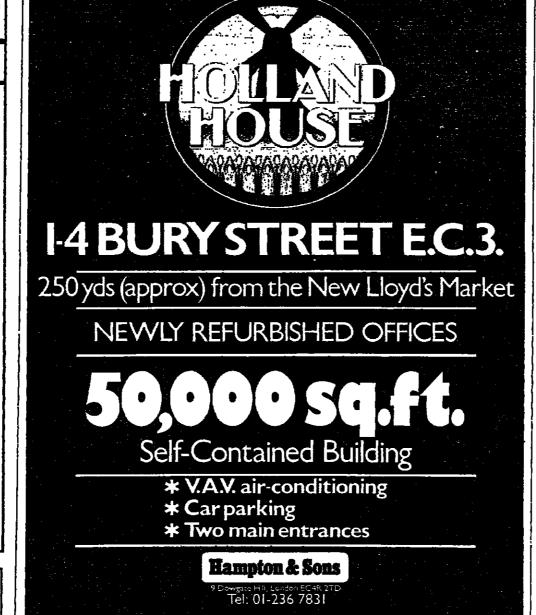
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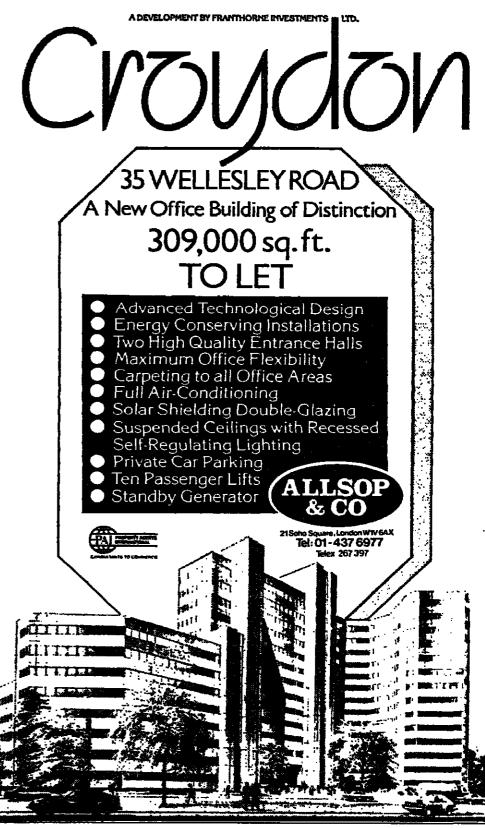
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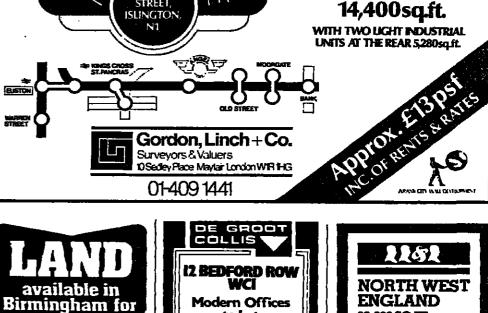
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OVERSEAS NEWS

Pretoria aims to curb mergers

BY BERNARD SIMON IN JOHANNESBURG

rate mergers and interlocking di-rectorships are being considered by the South African Government, the in one another. Minister of Industries. Dr Dawie. de Villiers, said yesterday.

spate of mergers and takeovers, which have significantly dented ca's biggest mining houses and fi- the measures envisaged.

NEW MEASURES to control corpo- the degree to which competition is panies, some of them with competrestricted by overlapping directorship and the interests of companies

He said: "The board is to investigate the desirability of adopting legal and other measures for effective heated public debate on the recent control over interlocking undertak-He added that the authorities were competition in several sectors and increased the power of South Afrithe economy, but gave no details of

There is no limit to the number of Dr de Villiers said he had in-directorships one person can hold structed the Competition Board, a in South Africa, and several of the country's leading businessmen sit watchdog, to investigate urgently on the boards of several dozen com-

The South African Governmen has until now judged monopolies and other restrictive business practices by the yardstick of the "public sirable only when they abuse their

Political pressure to curb concen by Premier Group, a leading food in another consumer group, South

Setback for officers' freedom hopes

BY OUR HARARE CORRESPONDENT

HOPES of an early release for the last week after their acquittal in been obtained through tortur Zimbabwe's High Court suffered a not justify freeing a criminal. new setback with yesterday's public denunciation of the judgment by the Home Affairs Minister.

In a statement Dr Herbert Ushewokunze said the judiciary under the Smith Government had always believed the police but since inde-

"illegally obtained evidence" re-

Marines find it

men in the steep hills which rise around the Lebanese capital. What the hell does indirect, accidental occasional or sporadic mean," some marine has scrawled on a card board notice in the airport's burntout administrative building Since early August, shells 1 28. Yesterday was meant to be different because the Druze had agreed to stop their intermittent bombardment of the 5,000-strong

very long-lasting. In the late morn ing three shells crashed on to the airport tarmac, 100 yards from visiting Marine General John Miller was getting out of a helicopter. People ran to bunkers cu

The Marine general did not seem very optimistic that the shelling

was going to stop. To go into the mountains where the guns are you would need more troops, he said. and when you got where you want-ed to go you would always find an-other mountain range in front of

you. "Lots of people want to see us get sucked into this little war," said a less discreet officer, two hours before U.S. naval guns tried to silence the gun which fired the shells. From the roof of one of the air port buildings Marines watch the hills round about them. A laser rangefinder points at suspected gun positions and a radar system tries to find the exact origin of any incoming rounds. In the distance there is the continual rumble of the guns as government, Druze and Christian troops fire at each other from the ridge lines, spurts of white smoke rising as shells impact. In the city of Beirut itself, the ef-fect of the fighting is intermittent. the mood changeable. In once fash-ionable Hamra, shops are open, but in other parts of the capital streets are suddenly deserted. Many areas

are still shattered by Israeli bombing and gunfire last year. Along the public beaches red flags are flying, warning against the fierce undertow which claims many lives every year, but bathers continue regardless of currents - or shells, which very occasionally land in the sea sending geysers of water high into

The fighting is all in the bills, which rise to 3,000 feet within 80 miles of the city. It is this which gives the region its crucial strategic

significance. If a hostile army holds Aley and Bhyamdoun, resort towns where Beirutis once went at this time of year to escape the heat and humidity of the coast, then it can

seek to dictate terms to the Govern-

The multinational force was orig

inally sent to Lebanon as a symbol of international support for Presi-dent Gemayel's Government. But

this is a dangerous country in

which to be a symbol, all the more since President Gemayel is eager to

see his own fragile army backed up

militarily by the French, Italian and U.S. troops in and around Beirut.

will be sucked into the conflict.

General Miller did not look very

enthusiastic about greater Ameri-

can involvement. Over the past

week, all the governments contrib-

uting to the multinational force have become even more circum-

spect about greater involvement in Lebanese sectarian politics. This is

bardly surprising given the weight of armament, including a French

and an American aircraft carrier,

now deployed offshore to protect

the forces already in position.

ment in the capital.

the air.

multinational force. Like so many Lebs

into soft red sands

dangerous to

be a symbol By Patrick Cockburn in Beirut U.S. MARINES stationed at Beirut airport have difficulty in guessing the intensity or frequency of the shellfire which plunges on to their positions from the Druze artilleryThe fact that evidence may have been obtained through torture did

low his previous criticisms of judges who have acquitted people charged in major court cases with quasi-political offences.

His statement is important for its Mugabe, the Prime Minister, left Zimbabwe for a two-week visit to Ireland, Canada and the U.S.

mained admissible in the courts. • The Reserve Bank of Zimbabwe warned in its quarterly economic review that real output in the economy was likely to decline this year.

> The bank forecast that because of last seeson's severe drought agri-cultural production would fall by 20 per cent. It forecast wheat plantings in 1983 of only 20,000 hectares, against 42,000 hectares last year, and a 60 per cent decline to 80,000 making substantial wheat imports

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NIGERIAN AGRICULTURE

The costly lessons of a \$550m dream

By James Buxton

BAKOLORI is a technologists' dream. It is the name of a dam and agricultural project in the dry and impoverished north of Nigeria. If the application of modern technology to develop-ing countries means anything, then the idea at Bakolori of damning a seasonal river to irrigate land and give farmers two certain crops a year, instead of one uncertain one, ought to be a triumphant success.

It was certainly hailed as such by President Shehu Shagari when he inaugurated Bakolori at the start of the long campaign which last month brought him re-election for another four years. For him it was "a dream come true" in his home state of Sokoto. The \$550m invector of Sokoto. The \$550m investment is a major element in the Nigerian "Green revolution" which aims at reversing the col-lapse of the country's agricul-

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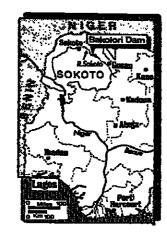
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acceptance of the scheme by the acceptance of the scheme by the been the fear of desertification farmers is uncertain and its spreading south from the future depends heavily on the Sahara. Nigerian government pouring in a lot more of the one commodity it badly lacks at the moment. The explosive result

The huge scheme is an impressive technical achievement for its Italian builders, Impresit, the construction arm of Fiat, Italy's largest private enterprise. But apart from demonstrating the enormous social upheaval caused by such schemes, it raises the question of whether such sophisticated technology is either economic or even appro-priate for raising food produc-tion in primitive and environmentally delicate areas like the sub-Saharan savannah belt of

sub-Saharan savannah belt of Africa.

From an engineer's point of view, Bakolori is the classic example of a place where it would have been a crime not to build a dam. The far north to build a dam. The far north of Nigeria is flat, densely populated with clusters of mud with a canacity of about 450m. of Nigeria is flat, densely populated with clusters of mud



Sokoto and Rima rivers which rise in the wetter south. They swell again in the rainy season to flood their valleys before Yet though most of the 23,500 hectares of irrigated land at Bakolori are now ready for farming by the 100,000 Hausa peasants of the district, no one has forgotten that the scheme was only completed after the bloody suppression of a revolt against the whole idea by the very people it was designed to benefit. Even now wholehearted acceptance of the scheme by the turning south again to join the mighty Niger river. From colonial times it has seemed an obvious idea to store the flood-water behind dams, and release concentrated irrigation has

> was a revolt by farmers

Studies by the UN Food and Agriculture Organisation (FAO) in the 1960s favoured the concept of river basin schemes, starting with Bakolori. Impresit got the message, and began a feasibility study in 1972. In 1974 the company received a letter of intent for the contract to build both the dam and the irrigation works. The deal was

lated with clusters of mud houses, but extremely poor. The land is fertile only after the mid-year rains, and they occasionally fail.

Sokoto state is crossed by the with a capacity of about 450m the farmers staged a revolt. Gangs of them sealed off construction sites so that work was lopment Authority (SRBDA), forced to a standstill. The set up to handle this and other government wanted us to go on schemes, was slower off the working, but the farmers were



Bakolori: a view of the dam's spillway.

compensation for the delay, to be added to the contract price

which, with inflation and extra

work, had already soared from the original N110m to about N400m (\$550m) today. "You have to hand it to them:

any other contractor would simply have walked off the job,"

says Mr Reg Calvert, chief resident engineer for MRT, the technical consultants, 60 per cent-owned by Sir M. Macdonald

More recently, the contractors have had to face formidable

delays in payments, as Nigeria has suffered the effects of the

international oil glut, and government revenues have been

drastically reduced.

mark.

Initially the problem of what to do with the 14,000 people who lived in the area to be flooded were" says Dr Enrico Tasso, by the lake was almost ignored, and little was done to explain to farmers downstream what the project would mean to them. to farmers downstream what the project would mean to them: that their tiny plots would be expropriated to be levelled for irrigation, then reallocated to them in the form of regular sized units, 20 per cent smaller than the total area they had farmed before, and demanding a whole new way of farming.

As the lake water rose the

As the lake water rose, the then military government finally leapt into action and the displaced farmers were resettled; but the land given to themnever previously farmed— was poor, there was little financial compensation, and the unhappy new settlement (which today is almost derelict) erupted into riots in August 1978.

As for the farmers on the irrigation scheme proper — the main intended beneficiaries they became exasperated for a different reason; they had to wet season to allow the contractor to level it for irrigation. That work often took longer than expected (Impresit had much less experience of irriga-tion than of dam building), there was no compensation for loss of crops, and in some cases the precious topsoil simply blew away.

The explosive result was that from early 1979 to April 1980 the farmers staged a revolt.

oothly since April 1980. Rice has been grown with some success, though most farmers grow maize. Wheat, which had been envisaged for the scheme, has not proved very satisfactory.

as father of the project. "We couldn't do anything." He blames much of the trouble In order to lessen the disrup-tion caused to the farmers by land preparation, there has been a switch from area irrigation to tense period of Nigeria's elec-tions for civilian rule. sophisticated sprinkler systems, which require less levelling: instead of taking water from the Though Bakolori became a national issue, many observers canals with syphons, the farmers attach pipes to hydrants fed by still think the protest was a largely spontaneous response to inefficient planning and heavy-handed action by the military government. In the end, President Shagari's new civilian government agreed

to pay generous compensation and, when a number of farmers still refused to cooperate, sent in a very large force of police, which put down the revolt at Shortage of both money and skilled personnel the cost of an official death toll of 19. Impresit won N23m in

farmers, who often could not be

irrigated techniques to gain a several irrigation schemes in second crop—the main objective Sudan, requiring very expensive rehabilitation operations. The river basin authority has land are still producing only one crop a year, mainly by but like many concerns in traditional methods. Indeed, the amount of land being farmed for a second crop actually fell from 4,000 hectares in 1981-82 down.

Bakolori may still be a success. But if not it will be

Despite the payment delays, some inputs, like fertiliser: the work has gone ahead more farmers held back from planting

to call the authority's bluff, until it was too late. A more fundamental reason A more innoamental reason is that many farmers are not attracted to the type of agriculture the scheme offers, especially the unfamiliar irigation which requires going out at night, when superstition makes them afraid. Moreover, most northern Nugarian farmers most orthern Airaid. Moreover, most northern Nigerian farmers are used to having a less active dry season, using it to repair their homes, or go on pilgrimages to Mecca. The economic incentives of the second crop are not obvious and the second of the second crop are not obvious to the second of the second crop are not obvious the mouth of the second crop are not obvious the mouth of the second crop are not obvious the second crop are not obvi enough to persuade them to change their habits.

change their habits.

The feasibility study reckoned that it would take five years from the completion of the project for it to come fully into operation, and the authority claims that the farmers are adapting fast. Yet even assuming full operation, the capital cost of the second crap will be more than \$20,000 per hectare—a formidable sum to recover by farming, particularly when the farming, particularly when the farmers are currently reckoned to be obtaining less than 30 per cent efficiency in water use (against the 70-75 per cent obtained in developed countries)

countries) In assessing the overall value electric pumps. The initial of the project one must take investment is less, but running into account the serious loss of costs are higher. Mr Calvert considers them better for the down the river who no longer into account the serious loss of yields caused to farmers further down the river who no longer enjoy the abundant and fertilising—if destructive—floodwaters. No one mentioned this in the preliminary study.

Sophisticated projects like this can only be economic on a day-to-day basis if they are a day-to-day basis if they are well-run and well-maintained. The water supply must be administered fairly and efficiently, the dam, canals and pipes kept in good order. If not, the project will gradually die, as has nearly happened to several irrigated techniques to gain a second crop—the main objective several irrigation schemes in Sudan requiring very expen-

dry season.

Alhaji Aliyu Garin, chairman of the river basin authority, says this is because of a dispute over the ending of subsidies on some inputs, like fertiliser: the farmers held back from planting

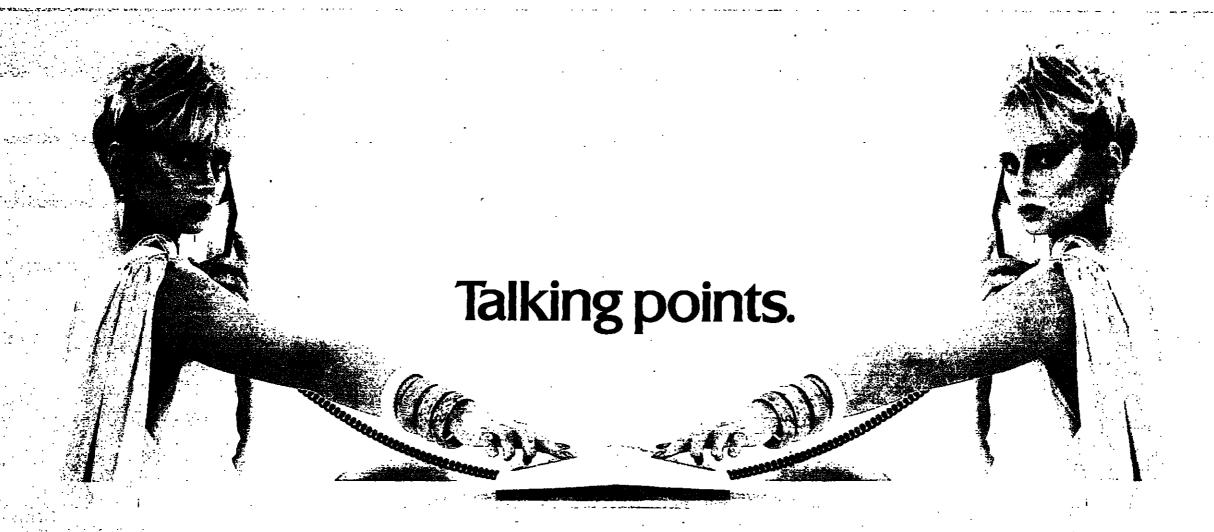
Bakolori may still be a success. But if not it will be another warning that what seems politically and technically attractive in Africa does not necessarily win the acceptance of the people it is supposed to benefit.

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hirst preference shares regulatered in the books of the curporation at the close of business on September 30, 1983.

The preference share transfer registers and preference section of the register of members will be closed from October 1 to October 7, 1983, both days Kingdom offices of the transfer secretaries on or about October 31, 1983, expensive of shareholders said from the United Kingdom will receive the United Kingdom currency examplent at the rate raining on October 3, 1983 of the rand value of their dividends items appropriate taxes). Any such shareholders may, receiver, election to be paid in South African currency, provided that any such powerer, election is the paid in South African currency, provided that any such plannesher in the control of the control of the paid in Johannesher in the control of the paid of

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are granted on the forms.
Fuller details of the dividends may be

Notes on the procedure, in each case, are annead on the forms.

Fuller details of the dividends may be obtained from the above-named banks on and after 23 September 1983.

EXCHANGES of Nedement Certificates or Original Shares where applicable for Certificates of sub-shares and vice vester will be SUSPENDED bron 16 September 1983 to 29 September 1983, both dates inclusive. Certificates will only be accepted for exchange efter 29 September 1983 provided that all dividends declared prior to that date have been claimed.

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Monopoly brake on **GKN** bid for AE

GUEST, KEEN and Nettlefolds (GKN) has withdrawn its £66m of-fer for Associated Engineering (AE) following a reference by the Office of Fair Trading to the Monopolies Commission.

The proposed merger was described by GKN as "a significant opportunity to restructure impor-tant sectors of the UK automotive component industry to meet inter-national competition." It regretted the reference, but said it would present evidence in support of its case to the Monopolies Commis-

AE had contested GKN's initial approach in July, but finally agreed an improvement in the all-equity terms when GKN offered the equivalent of a further £16m. AE's reaction to the reference was very much more non-committal, and Mr John Collyear, the chairman, simply told shareholders: "We will not know un-til after the report is published whether GKN will be permitted and, if permitted, will wish to make

a new offer for your company."

Although a combination of AE and GKN would amount to a monopoly of pistons, hearings and cylinder linings production in the UK, other than the shares taken by the vehicle manufacturers themselves and by importers, GKN has at-tempted to put the engine components sector into a European context where its position would be far less significant.

However, the OFT appears to have taken the view that it is not realistic to suppose that engine component production in the UK is entirely subject to European pres

 BRITISH CALEDONIAN Airways is planning a major extension of its scheduled services to the Mid-dle East. It has applied to the Civil Aviation Authority to fly from Gat-wick to Abu Dhabi, Doha, Dubai, Riyadh and Muscat for 10 years from April I next year.



Way cleared for private health service contractors

BY GARETH GRIFFITHS

health authorities they must draw up a programme for privatising Na-

Department of Health and Social Security guidance sets out condi-tions which are much more favourable to private companies than those existing in local government sectors which have been privatised. Companies will not have to offer the same pay and conditions as those in the NHS, and authorities

The circular deals with cleaning, catering and laundry services. This

will have to accept the lowest ten-

THE GOVERNMENT has told co-ordinated campaign against plans to privatise sections of the public services and state industries.

tional Health Service (Nris) women to work by February in a circular Union of Public Employees, successful which opens the 250,000 jobs could be at risk in the NHS. "Private contractors cannot number with wider contracting to the number of pay and conditions," he said.

The Government does not see contracting out as stopping at cleaning and catering services. The circular says that private contrac-tors could be used also for ward orderly or housekeeping duties. Health authorities should also "continue to develop the use of private contractors over the whole range of support services, where by doing so savings can be made."

year the services cost English Mr Norman Fowler, the Social health authorities £900m, and pri-Mr Norman Fowler, the Social vate companies believe they will be ciding factor for competitive tenderable to win sizeable chunks of NHS ing was who could provide the most business. Meanwhile, trade unions, meet-requirements. He declined to estiing in Blackpool yesterday for their mate what share of the market annual congress, agreed to mount a would be won by the private sector.



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TUC CONGRESS AT BLACKPOOL

Unions shift on disarmament

BY OUR LABOUR STAFF

Delegates at the TUC annual conference in Blackpool overwhelming ly backed a resolution from the as highly technical issue that has to paper. strongly unilateral Transport and General Workers' Union (TGWU)

Polaris and did not specifically tell us it is right."

mention unilateral disarmament or After a debate o

multilateralist position, in line with the apparent views of the bulk of the electorate, a point rammed socialist organisation.

THE TRADES Union Congress home to much booing by Mr Alistruction its tight policy on nuclear distance of the Civil and Public Servants' Asso-

He said: "We have never been a be negotiated."

Mr Ron Todd of the TGWU which called on the Government to cancel the cruise and Trident missile programmes.

speaking for the motion, appeared to play down the ambiguities and said: "Our disarmament policy may But the resolution did not include not be popular, but our consciences

After a debate on energy, Mr Arnuclear bases in the UK.

Right-wingers later argued that the resolution opened the door to a multilateralist resistor in line with independent Policy. The banned independent Policy is a second of the control of the independent Polish trade union which he had described as an anti-

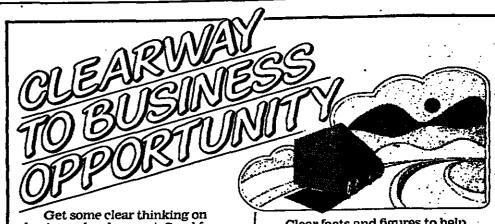
He said his personal views had tair Graham, general secretary of the Civil and Public Servants' Asso-ciation.

been stated in a private letter to Mr Michael Banda, general secretary of the Workers' Revolutionary Party, and and had not been intended neutralist nation. Disarmament is for publication in the party's news-

> His views were not attributable to the miners' union, he said. But he felt they did not cut across the union's support for Solidarity which he advanced on public platforms.

> The TUC's unequivocal support for Solidarity, was underlined by Mr Moss Evans, chairman of the TUC international committee.

> Mr Sid Vincent, leader of the Lancashire mineworkers, said Mr. Scargill's remarks threatened the credibility of his union.



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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agency Agreement bearing formal date October 5, 1972 between Brascan International B.V. (herein referred to as the "Company") and Canadian Imperial Bank of Commerce Trust Company (herein referred to as "Principal Paying Agent") providing for the redemption of Bonds of the Company U.S.\$ 345,000 principal amount of 84% Guaranteed Bonds due October 1, 1987 of the Company bearing the undermentioned distinguishing numbers, namely:

To the Holders of U.S.\$ 20,000,000 81% Guaranteed Bonds due October 1, 1987 of Brascan International B.Y.

Guaranteed Bonds for U.S. \$,1000 each

00122	02975	04947	06819	09011	10963	12563	14750	17913	19315
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0014 9	02978	04997	06958	09067	10966	12643	14933	17955	19363
00199	02979	05060	06990	09081	10967	12717	15212	18176	19370
00368	02981	05074	07000	09082	10998	12729	15748	18205	19392
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00676	02985	05354	07400	09294	11138	13000	15843	18564	19487
00683	02986	05355	07420	09392	11139	13151	15860	18677	19567
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00728	03292	05542	07788	09489	11141	13210	15925	18717	19600
00745	03331	05543	07789	095 51	11167	13221	16097	18729	19615
00761	03338	05544	07872	09614	11245	13238	16313	18834	19649
00825	03352	05638	07874	09615	712 9 5	13378	16329	18853	19663
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01384	04133	05943	08266	10106	11497	13838	16999	19058	19799
01610	04112	05997	08282	10170	11499	13977	17062	19073	19838
01644	04175	22090	08314	10186	11534	13999	17094	19081	19858
03645	04247	06278	08383	10190	11535	14029	17765	19089	19865
01646	04248	66292	08510	10383	11536	14100	17185	19098	72876
01847	04249	06371	<i>08536</i>	10386	11559	14102	17436	19113	19892
01848	04250	06322	08644	10395	11560	14103	17472	19131	19907
01849	04257	06373	08700	10453	11633	14104	17473	19151	19918
01885	04346	96378	08701	10749	11660	14224	17531	19158	19936
01999	04378	06576	08724	10786	11661	14225	17544	19166	19998
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have been selected by the Company by lot in an appropriate and fair manner on the 2nd day of September, 1983 for sinking fund purposes only and that such Guaranteed Bonds will therefore be redeemed on the 1st day of October, 1983 in lawful money of the United States of America in the principal amount thereof together with interest accrued thereon upon presentation and surrender of the said Guaranteed Bonds together with all unmatured coupons appertaining thereto falling which the amount of the missing unmatured coupons will be deductible from the principal amount due for payment. Presentation and surrender shall be made at:

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12546 12559

Canadian Imperial Bank of Commerce Trust Company 20 Exchange Place New York, New York 10005, U.S.A.

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NOTICE IS ALSO HEREBY GIVEN that in accordance with the terms of the said Paying Agency Agreement all such Guaranteed Bonds called for redemption and not presented and surrendered on October 1, 1983 shall not be considered as outstanding, interest upon such Guaranteed Bonds shall cease from and after such date and coupons for interest to accrue after such date shall become null

DATED at the City of New York, New York, USA, this 2nd day of September, 1983.

BRASCAN INTERNATIONAL B.V.

By Canadian Imperial Bank of Commerce Trust Company

THE ARTS

Exhibitions

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LONDON

The Hayward & Serpentine Galleries:
The Sculpture Show - this year the
Arts Council's Annual review of
some particular aspect of contemporary British Art - takes new
sculpture as its subject, with the
personal selections of three invited
invora covering altogether the uncle jurors covering altogether the work of some 50 artists. But so wide and of some 50 artists. But so wide and various is this field, that this is no delinitive show: rather it is its very partiality which makes it so useful, bringing to the domestic public the work of a younger and ascendant generation that has already begun to attract considerable attention abroad. Ends Oct 9.

be National Gallery, Manet at Work.

abroad. Ends Oct 9.

The National Gallery, Manet at Work:
this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved
by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. by ms ries, whom he influenced by premature, tively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business.

PARIS

Murillo in the Museums of France. In simillo in the Museums of France. In one of its excellent didactic exhibi-tions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings – among them the Young Beggar – from French public collec-tions. Plans. photographs and en-gravings help us to simuate the Sevil-lan artist in the context of his times lan artist in the context of his times.

Closed Tue, ends October 24.

Louvre, Pavillon de Flore (260 3926).

Bootic Flora and Fauna in art from the 17th century to the first balf of the 20th century. Louvre des Anti-quaires, 2 Place Palais Royal (2972700), 11 am till 7 pm. Ends Sept

WEST GERMANY

Hildesheim, Römer- und Pelizaeus-Museum, am Steine: The only Ger-man venue of Art Treasures from Ancient Nigeria with 100 exhibits bearing witness to the oldest Afri-can cultures from 500 BC to 1900 AD Fode Oct 22 AD. Ends Oct 23

Opera and Ballet

LONDON

English National Opera, Coliseum: the

nglish National Opera, Coliseum: the ENO tries again with Ariadne on Naxos, replacing with a new production the unhappy attempt of two seasons ago; Janice Cairns, Sally Burgess, Marilyn Hill Smith and Kenneth Woollam in the leading roles, Water Weller (London opera debut) as conductor. Further performances of David Blake's striking Caribbean operatic ent. Toussaint:

Caribbean operatic epic, Toussaint; and of the famous Mafia-style New

York Rigoletto produced by Jona-than Miller.

than Miller.

Royal Opera House, Covent Garden:

The season opens in an unusual and exciting way, with a revival of the much-praised Götz Friedrich production of Berg's Lulu; one of the most powerful and disturbing of all operas in a staging which catches much of its special quality. The cast

LONDON

Boyal Albert Hall: The Prom season nears its close on Saturday September 17 with the following concerts: Zubin Mehta conducts the Israel Philharmonic Orchestra with the BBC Chorus und Tiffin School Boys Choir in a performance of Mahler's Symphony No 3 with soloist Florence Quivar (Mon). John Ogden plays Liszt's Plano Concerto No 1 with the BBC Scottish Symphony Orchestra conducted by George Hurst in a concert including Beethoven's Pastoral Symphony and Hindemith's Mathis der Maler Symphony (Tues). On Wednesday, Andreej Panulnik conducts his own Sinfonia Votiva as part of a programme

zej Panufnik conducts his own Sin-fonia Votiva as part of a programme including Tchaikovsky, Chopin and Scriabin conducted by Norman Del Mar with the BBC Symphony Or-chestra and pianist Philip Fowks; Thursday sees the BBC Welsh Sym-

Frankfurt, Kunstverein, 44 Merkt: The first big exhibition of Markus Rātz with roughly 100 installations and drawings by the Swiss painter and object artist. Ends Sept 25. funich, Haus der Kunst. The Theo

Wormland Legacy is a collection of works by Max Ernst, Magritte, Poliakoff, Antes, Botero, Goller, Rohlfs, Nolde, Jawlensky and other classical modern painters, many of whom were banned by the Nazis. Wormland, an entre-preneur, left most of the pictures he had collected to the Munich

tored Roman Empire period doll, inciuding wardrobe and jewellery, "Crepereia Tryphaena" – a 2000year-old lost treasure. At the Galler-ie Nazionale d'Arte Moderna till end September, Ottone Rosai one-man

Milan: At the Chiesa della Grazie there are 100 pre-Raphaelite and Neogothic paintings for church win-

Venice: Pelazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: ex-

Marmottan's Monets

For lovers of Impressionism, the Musee Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends, including the famous oll "Impression - Sunrise," which gave the name to the whole movement. Monet's love of London is represented by the

Houses of Parliament. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light, he painted its Japanese bridge, weeping willows and, time and again, the unforgettable water lilies on still green water. Misse lilies on still green waters. Musee Marmottan, 2 Rue Louis-Boilly (Me-

Medieval art in Paris

The Abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medieval works of art: goldsmith work, carved altar pieces, ivories, fabrics, with two English Royal Standards embroidered in gold on red velvet. Among blue and gold Li-

Museum, and Hanover's Kunstum received the rest. Ends

Sept 11. Munich, Haus der Kunst, 1 Prinzregentenstrasse: the "Great Arts Exhibition – Munich 1983" has paintings, sculptures and graphics from the last two years by 500 artists living in Word Commany, Ends Sent 19 West Germany. Ends Sept 18.

Nuremberg, Germanisches Nationalmuseum, 1 Kornmarkt: A documentation with 600 pictures and sculp-

tures at the occasion of Martin Luther, the great reformer's 500th birthday. Ends Sept 25.

Rome: Musei Capitolini, till end of September an exhibition of the res-

is as in 1981 – Karan Armstrong, Günter Reich, Ryzsard Karczykows-ki, Colin Davis as conductor, and a

single important newcomer in the

Geschwitz of Brigitte Fassbander. Sedler's Wells, Rosebery Ave: The Sadler's Wells Royal Ballet starts its

antomn season on Tuesday with a gala triple bill. This programme plays through to Thursday.

WEST GERMANY

Barlin Deutsche Oper: The Merry Wives of Windsor, finely interpreted by Barry McDaniel and Lucy Pea-cock. La Bohème sung in Italian, stars Pilar Lopengar, Dannation de Faust of Berlioz with Kenneth Rie-

Royal Philharmonic Orchestra, con-

loyal Philharmonic Orchestra, con-ductor Andrew Litton, pianist How-ard Shelley: Mussorgsky, Rachman-inov, Schubert. Barbican Hall (Tue) (638 8891). Lenato Scotto sings in a concert per-

formance of Adriana Lecouvreur by Francesco Cilea with the London

Francesco Cuea with the London Symphony Orchestra conducted by Elio Boncompagni, Barbican Hall (Wed) (638 8891) English Chamber Orchestra, José-Luis Garcia (conductor/violin): Bach, Mo-

zart, Vivaldi. Barbican Hall (Thurs)

and Kuentz Cheir and Orchestra with Monique Frasca-Colombier, Violin, Sophie Kuentz, Violin, Michel Gib-oureau, oboe: Bach's Violin Concer-tos (Tue 9pm) Saint-Severin Church (563 7480).

ing the martyrdom of St Thomas a Becket. In a rotunda of its own is a set of the Lady and the Unicorn mille-fleurs tapestries – an allegory of the five senses, one of the mas-terpieces of medieval art. Musée de Cluny, 6 Place Paul-Painleve, Metro Odéon or St-Michel, closed between 12.45am and 2pm and on Tuesdays.

moges enamels is a shrine depict-

hibition of works by Massimo Cam pigli.

Florence: Palazzo Pitti: 100 paintings and collages from all over the world by Gino Severini on the centenary of his birth. Orzinuovi (a small town near Brescia) till Oct 16: exhibition of 170 paintings by Antonio Ligabue, 46 of which have never been exhibi-

ted so far. **NEW YORK**

Metropolitan Museum of Art: 75 works from the 20th century collec-tion of Baron Thyssen-Bornemisza will include ten of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris,

has Julia Varady and Vladimir At-

brings together Paula Page and Die-ter Weller in the main roles. La Tra-viata has Faye Robinson in the title role and Benjamin Luxon making his Frankfurt debut in the part of

Don Germont. Manon Lescaut has Nelly Miricioiu in the title role. Un

lantow in the key roles. Frankfurt Opera: Der Türke in Italien

Dali, Bacon, Freud und Rothko. The recent acquisitions are works by Georgia O'Keeffe, Bolthus, Mondri-an, Picasso and Natalia Gontcharova. Ends Nov 27

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large num ber of sketches for paintings naletto, Piranesi, Titian and Tin etto. The drawings show off the draftsmanship of the painters and the development of their composi-tions from these preliminary but evocative works. Ends Nov 13.

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the en-largements and reductions carned out by Rodin collaborator and re-producer, Henri Lebosse. One World

producer, Henri Lebosse. One World Trade Center, 165th storey. Henry Moore (Metropolitan Museum of Art): The lirst major retrospective in America for nearly 40 years includes drawing, carving in wood and stone as well as sculptures large and small in one of the highpoints of the Britain Salutes New York celebration. Ends Sept. 25.

WASHINGTON

National Gallery: With the recent death of American art patron, John Hay Whitney, his outstanding col-lection of French impressionists and their successors is on view before dispersal to various museums. Ends October 2.

CHICAGO

Art Institute: 237 works from the Vatican Collection show the range of religious and secular art that Popes
collected as important patrons to
both artists and archaeologists.
Compared to what can be seen in
Rome, the travelling exhibit may
seem meagre but at the same time,
major works like the Apollo Belvedere and Caravaggio's The Deposition can be better highlighted in this

tion can be better highlighted in this carefully chosen and well-groomed selectio. Ends Oct 16. fuseum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major restrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times

gained the artist a notoriety, here put in perspective. Ends Oct 30. **Arts** Week

F | S | Su | M | Tu | W | Th

9 10 11 12 13 14 15

Agrippina (Sun, Tue, Thur). Teatro la Fenice, Madama Butterfly (Wed).

NEW YORK

New York City Opera: Scheduled per-formances this week are The Mika-do and a Benefit performance of Cendrillon (curtain, please note, 7

PM for Benefit). New York State Theater, Lincoln Center (870 5570).

Ballo in Maschera is a fresh and de-lightful revival. Stuttgart Württembergische Staa

er: End of season. New season starts Munich Bayerische Staatsoper: End of season. New season starts on Sept

ITALY

Faust of Berlioz with Kenneth Riegel in the title role.

Iamburg Staatsoper: Donizetti's Der Liebestrank is a Jean-Pierre Ronnelle production. Hoffmann's Erzählungen has the Olympja of Edda Moser. Ein Maskenball is cast with Moniserrat Caballe and Franco Besidelli in the Lording Role Chelle. Venice: Palazzo Grassi: World premiere of Cesar Frank's 'Stradella' in collaboration with the Ecole du Theatre National de l'Opera de Pa-ris. Teatro Malibran: Handel's Bonisolli in the leading roles. Otello

> WEST GERMANY Berlin Opera: Lieder recital with Tere-

phony Orchestra under the baton of Erich Bergel with a programme of Enesco, Rimsky-Korsakov and Janis Vakarelis playing Liszt's Piano Concerto No 2 (588 8212).

The Concerto No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gala concert in profit of cancer research; Beethoven: Overlure No 3 "Leonora", Violin, in a gal Concerto, Symphony No 7 (Tue 8.30pm) Théatre des Champs Ely-sées (7234777). Israell Philharmonie Orchestra con-ducted by Zubin Mehta: Mozert,

Berg, Brahms (Wed 8-30pm) TMP-Châtelet (261 1983). NEW YORK

New York Philharmonic (Avery Fisher Hall): Rafael Kubelik conducting. Schumann, Beethoven (Thur). Lin-coln Center (8742424). WASHINGTON

Vational Symphony (Concert Hall): The new season opens with Maestro Rostropovich conducting with Glen-da Maurice, Mezzosoprano, in a pro-gramme of Carter, Wagner, and Sib-elius (Tue, Wed, Thur). Kennedy Center (254 3778).

pighi. (Tues) Berlin Philharmonie: This year's 33rd

sa Berganza accompanied at the pi-ano by Juan Antonio Alvarez Pare-

jo: Vivaldi, Brahms, Faure and Res-

Berlin Philharmonie: This year's 33rd Berlin Festival runs from Sept 1 to Oct 2. The second week of perfor-mances opens with the Berlin Phil-harmonic Orchestra and pianist Al-fred Brendel conducted by Dennis Russell Davies playing Beethoven's Third Piano Concerto and First Symphony (Sat), 'Die Junge Deutsche Philharmonie' conducted by Gary Bertini accompanied by the Deutsche Philharmonie' conducted by Gary Bertini accompanied by the Rias Kammerchor offers Beethoven, Webern, Schönberg and Brahms (Sun). The famous piano duo Christoph Eschenbach and Justus Frantz continue the programme with Brahms and Haydn (Tues); Berlin's Symphony Orchestra conducted by Daniel Nazareth closes the week (Thurs) with Ravel, Paganini and Skryabin.

WASHINGTON

Wind in the Willows (Folger): Compos-er William Perry and lyricist Roger McGough chose a wonderful old chestnut to turn into a musical to add a new generation's appreciation of Ratty, Mole, Badger and Toad of Toad Hall. Ends Sept 18 (5473230). American Buffalo (Terrace): Al Paci-no's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of

Flash in the Pan (Theatre Building): The inaugural offering in Para-mount Pictures' venture in support-ing the Apollo Group's new play series uses music to retell Grumm scrices uses music to retell Grimm fairy tales. The writers-performers are veteran nightclub artists, De-nise De Clue, Jeff Berkson and John Karraker. 1225 W. Belmont (327 5252).

vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800).

and-miss local company has a long-running success with an earnest parody of hospital-based melodra-mas, starring Gary Houston as an ambitious young doctor. Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse.

Cinema

Good Woody—and Chaplin too

What between Charlie Chaplin and Leonard Zelig? Correct Chap-lin is world-famous, whereas

But these two have been the twin hits of the 1983 Venice Film Festival. Chaplin's "lost footage " has received the atten-tions of Kevin Brownlow, an event as momentous in this century as a Greek archaeolo-gical site receiving the attentions of Schliemann. And the lost life of Leonard Zelig has been uproariously pieced together by Woody Allen in his new film called—Zelig.

Path moving his the Lide di

Both movies hit the Lido di Venezia on a wet and windy day when whitecaps were snarling at the Hotel Des Bains and festival-goers were snarling at an over-busy schedule. Zelig is Woody Allen's best film to date. Using a Citizen Kane-like assemblage of archive footage. pastiche newsreels and grainily in-period dramatised scenes, he recounts the whirlwind between-wars notoriety of an un-

assuming little man (Allen as Zelig) acclaimed for his chameleon personality. Put Zelig next to a Red Indian and he will turn into a Red Indian. Put him next to Herbert Hoover and he starts to become

a chisel-featured Presidential wny? Because Zelig likes to fit in and be liked. Enter psychiatrist Mia Farrow, closely followed by the newshounds of the world. Enter also a roster of present-day Reds-style "witnesses" who discuss the Zelig followed. nesses" who discuss the Zelig footags of Chaplin rehearsing meet a piece of impenetrable guished of phenomenon from a 1980s his players, with many a show- Kryptonite. Vittorio Gassman, this space,

Susan Sontag.)

lin is world-famous, whereas most people have never heard of Leonard Zelig. Furthermore, unlike Chaplin, Zelig never existed.

But these two heart heart and solutions and solutions. There is a disrupted Hitler rally (Zelig popping up among the brown shirts), a frantically (ashionable distributed to the control of the co dance or two (the "Chame-leon"), a frantically fragmen-tary song or two (Cole Porter wrote "You're the tops, you're resses from The Gold Rush and Leonard Zelig," but couldn't City Lights—were infuriatingly

With a madness that must be considered uniquely Italian, in the Ardennes—one tale in the Venice festival showed a the 19-teens, the other now—French-dubbed videotape version of this film. We were into song in the film except thus subjected to wobbly visuals and to interviews 12 which old Chaplin associates reminiscing today—including leading actresses from The Gold Rush City Lights.

Nigel Andrews reports on the Venice Film Festival, and John Pym reviews the new releases

in London.

find a rhyme for Zelig), better Jokes than any since Annie Hall and more that can be recounted

when Zelig comes to Britain later this year. Lost Chaplin isn't quite so funny as lost Zelig. But the three-part film Brownlow and collaborator David Gill have prepared for Thames Te's vision, Unknown Chaplin, still makes compulsive viewing. Chaplin always ordered his out-takes burnt, and only disobedient studio employees have stood

between us and lost genius. And cenius there is in such scenes as Chaplin coping with over-voiced in French. Thames TV viewers will not have this problem and are in for a treat. The rest of the festival, though stuffed with conjurable names, has so far been a case of rabbits refusing to rise from top hats. Kon Ichikawa spirits forth a little but banality in Sasame Yuki, a 21-hour Oriental

spectacular wardrobes. You come out humming the kimonos.

the difference standpoint. (They include, with how-it's-done mop and mow for Fanny Ardant and Geraldine rlie Chaplin and straight faces, Saul Bellow and the leading ladies. Chaplin wander through parallel

folklore; surreal scenes with cartoon-like decor; and many throwaway allusions to other films, not least Resnais's own.

But the parts don't add up to any comprehensible whole. In the also-rans section, warm word for Carroll Ballard's skittish and elliptical Never Cry Woll; where Charles Martin Smith plays a young biologist studying wolves in the frozen North. This is that rarily, a Disney nature film with more

wit than winsomeness. And East Germany's The Sentence, directed by Franz Beyer, is another rarity, a prison film with a taut, tragicomic grasp of psychological cruelty: it screws more horror from a man's nearsoap opera. Four look-alike sisters whose separate stories and identities are impossible to keep clear in one's head, chatter and emote amid sunset-bathed interiors and the ladies' own speciacular wardvobes. You of anothing in its clear of anothing in its clear of anothing in its clear of anothing in its clear. of enything in its tale of a cru-sading lewish-American lawver (3111 Clayburch) adrift—like

guished others. Keep watching

The Darby and Joan of L.A.

Return Engagement (15) Screen on the Green The Pirates of Penzance (U) Classic, Shaftesbury Ave. Cambridge Animation Festival Arts Cinema

Return Engagement takes as its starting point a travelling showbiz entertainment (the stopover here is Los Angeles) featuring the unlikely double act of Timothy Leary and G. Gordon Liddy. Its object, however, is not to surrender the floor to these two genial, opposed ideologues (noncombatants now, rather respected veterans), but to use

way into the recent, riven history of the United States.

Alan Rudolph, the director, worked with Robert Altman on several films including, in particular, The Long Goodbye. Return Engagement offers a similar mesmeric reflection of the Californian way. More significantly, however, Rudolph was assistant director on Nashville and co-author of Buffalo Bill and the Indians—two history lessons, the latter

prosecuting lawyer (it was he who in the Sixties first put the cuffs on Leary, hence the distance of the cuffs of or the sixties first put the cuffs on Leary, hence the title) and Leary the ex-college professor spar with a dispession

respected veterans), but to use the engagement—Liddy the burglar of Watergate vs.
Leary the guinea-pig of a thousand and one mindexpanding substances—as a way into the recent, riven history of the United States.

two history lessons, the latter pros and cons of murdering a told through participants famous newspaper columnist, turned, as here, sideshow perbut overall singularly fails to



Kevin Kline in 'The Pirates of Penzance'

them, because gaol, it lieve them. seems, has only increased their

but overall singularly fails to justify his past criminality.

unhappily, into a stagebound film directed by its adaptor Wilford Leach. Its release has been much delayed. Angela Lansbury, always

watchable, is a spirited Ruth (and had I been Frederic I would unhesitatingly have plumped for her over Linda Ronstadt's simpering Mabel); Kevin Kline's Pirate King performs prodigious aerobatics in his opening number (no doubt

time-honoured — and, the film-makers would have us believe. fustian - manner at the Penzance Pavilion.

Whatever new life the produc-tion may once have had, it has seeped away in the transition from Broadway to Shepperton Studios. The Savoyard are guyed, but with reientless selfsatisfaction. Do we really want a Frederic transformed at one moment into Elvis Presley? Shakespeare on stage is tough enough to withstand this brand of hanky-panky; The Pirates of Penzance, a shaky vessel at the best of times and one woefully unsuited to the wide cilematic seas, is most certainly not.

"Animation and Persuasion" is the central theme of this Creatures from year's multifarious Cambridge another age: telling exhibits for Animation Festival. It is today's high-school seniors — backed by Channel 4 and runs who, thank heaven, appear not from Tuesday through Sunday. Some of the material is familiar Joseph Papp's production of —although in the case of Pica.

The Pirates of Penzance was a Don, the Japanese film on the runaway hit as irreverently per-formed by the New York Shakespeare Festival. It pro-ceeded to Broadway and thence, informative festival book, is not. There is also a large programme of independent American works. Among the rareties are

several examples of Warner Bros Second World War propaganda cartoons: Frank Tashlin's Plane Daffy, in which the buck takes on the Nutzies; and Fritz Freleng's Bugs Bunny Nips the Nips, in which the shipwrecked Rabbit exultantly disposes of all Japanese comers. Also included are British and German propa-They resolutely refuse to forms prodigious acrobatics in spent. They behave, passion is spent. They behave, someone remarks, like an old married couple. They are content, after the vicissitudes of the past 20 years, when they represented the Drug Culture and the American Way, merely to entertain, to enjoy their to entertain, to enjoy their slightly tainted celebrity in the California sun. People pay to

Theatre

Music

LONDON

The Tempest (Barbican): Derek Jacobi The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. 1828 87951

ous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton):
New Christopher Hampton play about the European emigres working in Tinseltown during the war. As a linking Stoppardian device, Odon von Horvath appears alongside Michael Gambon's impersonation of Tanaka (2020 252)

Michael Gamoin's impressation of Brecht. (2282252)

The Real Thing (Strand): Susan Pen-haligon and Paul Shelley now take the leads in Tom Stoppard's fasci-nating, complex, slightly flawed new play. Peter Wood's production play. Peter Wood's production strikes a happy note of serious levistrikes a happy note of serious levity. (836/2680/4143).

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire, A rich lapestry, with a famous drag ball scene at the centre.

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic ma-terial but a highly refreshing, and above all different, sort of evening.

(836 9988). Sung and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber, Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834).

Blood Brothers (Lyrie): Strong rock meledrama by Willy Russell about Liverpool twins separated at birth. Pop star Harbara Dickson, very like a young Gracle Fields, is superb as

-.-

gela Brazil novels: gym slips, hock-ey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592). Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blake-more's brilliant direction of back-ters shonanigans on tour with a stage shenanigans on tour with a third-rate farce is a key factor.

(830,8888).
The Pirates of Penzanec (Drury Lane):
Riotously vulgar Broadway import
that sits Gilbert and Sullivan on a
whoopee cushion. (838,8108).

La Cage aux Folles (Palace): Perhaps this season' outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Flerstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopia, apart from the first-art finale a la Gaité Parisienne, but the intimate moments borrowed direct intimate moments borrowed direct from the film. (757 2626) Night Mother (Golden): Marsha Nor-

man's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. niak, directed by Tom Moore. (239 6200). 42nd Street (Majestic): An immodest celebration of the heyday of Broad-

celebration of the neyday of Broan-way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy hoofing by a large chorus line. (977 9020). Torch Song Trilogy (Helen Hayes): Harvey Fierstein's chullient and touching story of a drug queen from ing story of a drog queen from

backstage to loneliness incorporates

all the wild histrionics in between.

down to the confrontation with his

doting Jewish mother. (944 9450).

their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable round derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing the career of a 1980s female pop group, a la Supremes, without the quality of their music. (239 5200).

The Corn is Green (Lunt-Fontanne): Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor, has a cast led by Cicely Tyson, directed by Vivian Matalon. (5759200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. Agnes of God (Music Box): The fiery trio of Geraldine Page, Diahann Carroll and Lily Knight enlown a somewhat over-written clash of ide-ologies. (2464636).

round Sergio Franchi in this Tony-award winning musical version of the Fellini film 8%, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2480246) Cats (Winter Garden): Director Trevor als (Winter Garden): Director Trevor Nunn, fresh from the Broadway suc-cess of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit.

Nine (46th St): Two dozen women sur-

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an

excellent cast. (541 8394). On Your Toes (Virginia): Galına Panova with presumably a genuine Rus-sian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the

original, by George Abbott. (9779370). (9779370). Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (7578848).

American low life with larceny in its heart, as directed by Arvin Brown of the Long Wharf Theater. Ends Sept 25. Kennedy Center (254 9895).

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's E. R. (Organic, 3319 N. Clark): This hit-

F.T. CROSSWORD PUZZLE No. 5,212 **ACROSS**

1 River flowing back in con-tempt for future harvest? (4-4) 5 Long piece of writing for the board (6)

9 The energy when mother sped round is used to make 10 The shrub for a drink (6) 11 Tear and add dash to speed

14 Kind of trust in ceremonial garb (10) 18 Great piper, discordant — he's not the power he seems (5, 5)

12 Plot to beat madhouse (6)

22 Existence of personality 1'd omitted (6) 23 Angle after valuable stuff, pet (8) 24 There'll be conflict if rest's disturbed (6)

25 Actor round the pit to become overbearing? (8)

26 Is the answer to change Ulster? (6) 27 Sort of light water-supplier? Particularly healthy (4, 4)

DOWN 1 Is lime scattered as quick as a flash, for example? (6)

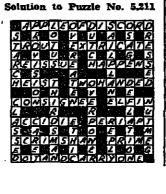
with waterworks (6) thing strange (6) 4 No synthetic sport here! 20 In charge in river—a kind of creed (6)

hourly) (6)

7 Once taxed and praised (8) 8 Ill fated emu is a very handicapped one (4-4) 13 Formerly present until teatime, it is said (10)

15 Settler—traveller one up round vegetables (8) 16 They've jumped up arrogantly (8) 2 Improve quality in French. gantly (8)
Buddy! (6)
gantly (8)
gantly (8) (Not a lie) (8) 3 Town announcers associated 19 D.I.Y, to 500 could be some-

6 In the main, part of escort 21 Kind of work (about



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Friday September 9 1983

New political landscape

of the Social Democratic Party to Dr David Owen and Mr the legislative programme that would have gone forward in any case, had there been no election in June. Politicians were thinking about the recent past, at best about the present, hardly

at all about the future.

The TUC Conference in Blackpool this week has been the first reminder of how much the political map may be changing. Not only did the unions appear to loosen their bonds to the Labour Party; they also seemed to be dropping their role as the alternative government. A central fact has been assimilated: the general election is over and there is unlikely to be another for at least four years. British politics are now a question of adjust-ment to that situation. The unions have already made a

Huge majority

The political season proper, however, begins with the Social Democrats at their Conference in Salford which opens on Sunday. They will be followed by the Liberals in Harrogate, Labour in Brighton and the Tories in Blackpool. All parties need to take account of the new landscape, which is essentially this: the Government has a huge majority in Parliament, though because of the British quent Queen's speech a catched and the subsequent system loss obviously. a huge majority in Parliament, though because of the British electoral system, less obviously so in the country. Traditional left-wing approaches, such as much greater state intervention in the economy, were rejected by a large section of the electorate. But at the same time the economic situation remains as difficult as ever, despite the cushion of North Sea oil. And, whatever the general election results, the electorate remains

The problem for the Liberals and Social Democrats is how to reconcile their low representa-tion in Parliament with their success in terms of votes. The summer has been marked by all and between the two parties. pects ahead.

WHEN the British Parliament Yet it should not be beyond the went on its summer holidays, the political mood was still one porters to realise that they are the political mood was still one porters to realise that they are of post-election fever. The sudden general election had better in future. The Alliance come and gone, leaving the Conservative Party with an through and has time to consoliunusually large majority. Mr Roy Jenkins gave way as leader of the Social Democratic Party to Dr David Owen and Mr merger of the two parties or by proportional to a premature of the social Democratic Party to Dr David Owen and Mr merger of the two parties or by proportional to a premature of the social parties or by proportional to a premature of the social parties or by proportional to a premature of the social parties or by proportional to a proportion to realise that they are potentially poised to do even better in future. The Alliance has very nearly made a break-through and has time to consoliunt to the potentially poised to do even better in future. The Alliance has very nearly made a break-through and has time to consoliunt to throw away that opportunity now, either by a premature of the social party and the proportion to the potentially poised to do even and better in future. The Alliance has very nearly made a break-through and has time to consoliunt to the proportion to Michael Foot began to bow out as leader of the Labour Party. The Government, for its part, reacted largely by resurrecting the legislative programme that within its grasp.

The problem for the Labour

New generation

Party is the other way round: how to reconcile its relatively large showing in Parliament with its steadily decreasing share of the national vote. The election of Mr Neil Kinnock as leader seems almost a foregone conclusion and it should be noted that he is by no means a member of the hard left. He could also bring on a new generation of Labour politicains and that is no bad thing in itself. Yet, the leadership apart, the most interesting question at Brighon is likely o be how far the party begins to adjust its policies and to improve its organisation. Not the least of the ironies of recent weeks has been the way the unions, having secured a 40 per secured. secured a 40 per cent say in the leadership, asked the con-tenders to stay away from Blackpool. Can Labour adapt, as some of the unions seem to have done to the fact that come have done, to the fact that some old dogmas have been decisively

ing-up exercise. It is time now to revert in more detail what is planned for the next four years. It has become almost part of the conventional wis-dom that there are built-in problems about public expenditure, about the aging of the poplation and about low growth. Some very radical de-cisions may have to be taken: for example, on the welfare state and on defence. But it would help if the Government first gave its own realistic version of likely revenues and how they should be allocated. That at least ought to lead to a greater understanding of the

Far to go over Gibraltar

NOTHING of substance was tarians is central to the issue achieved by the meeting in since Britain is committed not Madrid this week between the to permit a change of sover-British and Spanish foreign eighty over the colony against ministers that does not mean their wishes. There is no doubt that the talks were pointless. of the firmly pro-British views Besides agreeing to meet again of the Gibraltarians. Nobody later this month, both sides need be surprised, since tworegistered an improvement in the atmosphere—something that left behind in March when Sr another. Fernando Moran

It is undesirable for relations between two Nato allies and prospective partners in the European Economic Community to be overshadowed by an issue of limited scope, such as that of Gibraltar—however strong the emotional overtones for both Spaniards and Britons.

Diplomatic discretion are according to a smaller commercial operation, has come as a nasty shock.

Spain should bear in Diplomatic discretion appears to have induced Sir Geoffrey Howe entire West could more easily not to revive the threat im-plicitly made in London earlier this year to delay Spanish ad-mission to the EEC unless Spain gives satisfaction on the Gibral-tar issues.

Diplomacy

The immediate issue is whether Spain should lift the remaining restrictions on crossing the Spanish-Gibraltar border, as appeared to be promised in the Anglo-Spanish Lisbon statement of 1980. In the same statement Britain agreed to talks on the "whole" Gibraltar problem. To Madrid that means talks on an eventual transfer of sovereignty over Gibraltar; to London it does not. Such niceties do have their

diplomacy: but, both on grounds the Spanish Government ought Spain were to opt out of Nato. to take a more generous view. Closing borders is a political the political philosophy of the colony on western European Franco regime, which sealed soil is, undeniably, an ana-off the border in 1969, than chronism. By insisting on the

Government has become aware claim to Gibraltar is to gain the

this task. will have to reconsider the attitude of the Gibral-tactics and strategy.

thirds of the colony's national income derives from the British Government in one way or

Gibraltarians will have to consider carefully whether, in the long run, their status as quasi-pensioners of the British Government is desirable and, indeed, assured. The British decision to close the naval dock-

acquiesce in a greater Spanish role at Gibraltar if Madrid were to take a less ambiguous attitude towards Nato. The Socialist Spanish Premier, Sr Felipe Gonzalez, has undertaken to hold a referendum in 1985 on continued membership. At present he proposes that the Government should not take sides, though his party is likely to come down against Nato. There is reason there for considerable reason there for considerable reason.

Gibraltar retains more than a residual military role. It can monitor traffic through the straits that give the U.S. Navy access to the Mediterranean and Such niceties do have their rightful place in the art of diplomark have the art of diplomark hav In political terms, too, a host of questions would be raised if

Consensus

The status of Gibraltar as a off the border in 1969, than chronism. By insisting on the that of a freely elected, demo-cratic government.

Control of the border in 1969, than chronism. By insisting on the charge of the Gibraltarians before any change of sover-More important, the Spanish eighty, Britain has, implicitly, recognised that such a change may eventually be made. We for eventually making good its should like this to occur in its own good time by consensus of confidence and acquiescence of the three parties involved: Lon-the 27,000 Gibraltarians, don, Madrid, and the Gibral-Restrictions on crossing the tarians. But before such conborder will not help Spair with sensus can be reached Spain will have to reconsider both its

BRITAIN'S TRADE UNION CONGRESS

All change at Blackpool

By John Lloyd, Industrial Editor

HERE THEY sat, row after row of faces in the fading Winter Garden main hall, the majority sagging a little in the service of the movement, squinting into the TV lights They were listening to a squat barrel of a man, an East End electrician's leader who told them: "We will have to appeal to the new working class."

It is perhaps too simplistic to sum up this very remarkable 115th Congress of Britain's unions through the rise and fall, the triumphs and humilia-tions, of those who compete for dominance within them.

But this has been a conference more easily described through its leading personalities than most. Its proceedings have been dominated by the powerful bulk of Frank Chapple, the electrician's leader. It is a coincidence that he should a coincidence that he should preside over a congress in which a main theme—listen to your members—has been so much his own. But it is fitting and symbolic too.

symbolic too,

There is another, perhaps equally fitting symbol: a year ago, the floor of the Brighton Congress rose, bright-eyed, to Arthur Scargill, the Mineworkers' president, as he pledged solidarity with Health Service workers.

Yet this week in Blackpool another Solidarity has badly damaged Mr Scargill, exposing him as an opponent of those workers who have the temerity to challenge a Socialist state; and a Civil Service union leader drew a deep rumble of assent when he cut in to the Scargill mystique with the flat observation that his militancy was built on the sand of indifferent, cautious and calculating mem-bers — just like anybody else's. The succession of events we

have witnessed in the Winter Gardens began with Mr Chapple's own speech which summarised what he has been saying for years.

He told the 1,100 delegates:
"Threats to destroy elected governments are not only infantile, but they are also a dangerous boomerang, alienating us from our members as well as threatening the only type of society that guarantees our own freedom." Again: "If we appear to

equivocate between freedom and totalitarianism, we will in-jure ourselves and the values which founded our movement ... I hope that we use this week to renew our pact with the people from which we spring and emerge with the strength that the 21st century will re-

These sentiments scarcely seem controversial. But in union conference circles they are, not just because many in left do not subscribe-or only subscribe conditionally—to the rules of liberal or bourgeois deliver your members?" democracy, not just because they can be used as a stick to beat Left-wingers, but also because the last decade of British political life has seen the unions play a large role in precisely such a destruction of elected governments.







Key figures at Blackpool this week: (from left) Arthur Scargill of the NUM; Len Murray, TUC secretary general; Frank Chapple, TUC president; and Alistair Graham of the CPSA

The speech, rational and clumsily delivered, was par for Frank Chappie's course; wholly unexpected was the response. It was not booed, heckled and

One was forced to the surprising conclusion, sitting among them, that the delegates were listening and that Mr Chapple's opponents, as unforgiving to him as he to them, sensed this and knew that a larger display of hostility might be badly

Mr Chapple's chairmanship has debarred him from further activity. But Len Murray, un-characteristically, has not this time allowed his general secretary's post to act as a censor upon him. This has been Mr Murray's congress, too: the public confirmation that this high - principled, low - profile man, whose self-definition is as the Labour movement's per-manent secretary, has gathered his energies for a new burst of creativity in the last years at

Mr Murray's bedrock has always been the absolute need for unions to be representative of their members and to represent them to government. He has not appeared suited to the period of being out in the cold. He certainly came in with a

"Are we saying that the result of the General Election doesn't make a scrap of difference to how we campaign and grey head thrust forward into the silent hall. "Are we deaf?" and, most telling, "Can you

second was that the Welfare idealism and pointed up an open by a margin of around three to

State was accepted as a binding force in our society. Now these assumptions have been called into question. We have to win back ground that we assumed was safe forever."

The welfare follows in dealism and pointed up an open road for trade unionism. of the June defeat. And he is this counterpart on the right of centre, Alistair Graham, leader of the Civil and Public Serwants Association has had an Servants Association has had an The general secretary's will even better congress. With ingness to take it on the chin Alan Tuffin, the postmen's was no Quixotic act of courage: general secretary and another he knew he had the majority in coming man, Mr Graham has the body of the hall—the ranks rapidly carved out an out-of the engineers, the local gov-ernment officers, the elec-council which he had the

Mr. Chapple's speech was par for the course. Wholly unexpected was the response. It was not booed, heckled or drowned.

workers, most of the civil servants and white collar unions. The work of David

fights, as any other.

In Nupe's case, the left about his behaviour in this leadership of Rodney Bickerstaffe and Tom Sawyer is of a assounding! Mr Murray has defined the staffe and Tom Sawyer is of a watershed: underscored that different hue from the conventings are not now the same, tional far left. Both are con"Ever since 1945 we have made" tional far left. Both are con-cerned to build bridges into the two fundamental assumptions. centre, and Mr Bickerstaffe's
The first was that everyone saw passionate speech in support of full employment as a primary a minimum wage both restored What remains is a General means, as Mr Bickerstaffe and Mr Chapple even a dominant, objective. The to the hall some sense of Council dominated by the right Mr Graham agreed in their never over.

ability to carry into congres He it was who dared to tell the ranks of Labour affiliates that they might be better off at Basnett, the municipal workers'
leader underpinned his stance.

Of the very big unions, only the Transport and General Workers and the National Union of Public Employees remain of Public Employees remain beneath Arthur Scargill. "Every doubtful of or openly hostile time he gets on the TV screen Yet some at least of that on political action—and some of opposition is rhetorical: the us are still waiting—the trade TGWU makes as pragmatic union movement falls lower and

> political drama-what remains? And what will come of it?

two; and some enabling motions which allow TUC leaders to talk to Mr Tebbit and undertake a review, signalled as funda-mental, of their activities, may-

be even their policies.

The TUC will talk to Mr
Tebbit. As far as conference
rhetoric is concerned, it will go in with head held high, ready to turn on its heel if its presence is not recognised with appropriate seriousness by the Employment Secretary. In fact, it will go in with deep doubts over what role it can carve out. The perils of the TUC's position have become clear from the week's debates, and from the conversations outside the echoing hall. How far can the unions allow themselves to be drawn in to substantive negotiations? What will they be asked to give? If, as many fear, the Government wishes to whittle them down to no more than an ineffective core mostly concentrated in older industries, where should the movement

draw the line? And once it draws it, can it hold it? Least visible, most important, will be how the unions now reform themselves. The TUC is committed to produce a review of its economic policies, and to bring forth a statement of "the principles of modern trade unionism."

less though unless the unions move very fast indeed to prove servant lecturing a mineworker future, that they are still ties for right and left.

about his behaviour in this needed. measure of the centre-

stounding! the engineers pointed up in an ability to change policies on But once the groaning and early intervention introducing Europe, nuclear weapons and congratulations are over and the advanced communication and other issues: a measure of the TV circus rolls off in pursuit of computer systems. It means Left's resilience will be its greatly improving inner-union ability to protect its positions. democratic procedures. And it The fight is not over: it is, as means, as Mr Bickerstaffe and Mr Chapple has often observed,

separate ways, finding some-thing to be trade unionist about the low paid needed to be helped, and, perhaps cynically, they themselves could help the unions out of a policy cui de

The union's relations with the Labour Party are likewise uncertain: the extent of the likely distancing from the party has probably been rather overstressed. Murrayl, in his introduction to the economic duction to the economic debate, referred to the continuing role of the TUC-Labour Party Liaison Committee (though not with great warmth). The liaison committee will not however figure very large in the immediate future: and many on the Centre-Right believe that much of the good work they see as having been achieved in the past week will achieved in the past week will be undone at the Labour Party conference in Brighton next month. There is already a cool-ing-off between the unions and the party, and the new general council will emphasise that. Some unions will talk to Dr David Owen of the Social Demo-cents and in time perhaps that crats and in time perhaps that will seem like a routine matter.

But the Labour Party remains the prime focus or the unions' political life. For many like Mr Basnett the challenge is not how to shake off the party, but how to shake some sense into now to snake some sense into it, both by using the new centrist majority to get across feasible politics and by beening up the unions' presence in the constituencies to counter the influence of the far left. That will mean further tension and struggles: this time though the TUC has a better chance of prevailing.

This will put pressure on the incoming leadership of the Labour Party to swing their policies in towards the centre-a pressure which most of the leadership candidates have already conceded is implicit in the results of the general electhe results of the general elec-tion. It is a lesson which Mr Neil Kinnock — who had a very quiet word with Len Murray when he visited Blackpool earlier this week — will not need to have rubbed in, but which he might find some difficulty getting across.

It is also by no means an the EEC and disarmament went heavily the way of the left: and it seems certain that most unions including many of those pressing for change will vote for Mr Neil Kinnock at the Labour Party Conference. This is not the contradiction

modern trade unionism."

That could be a landmark
document. It will be meaningless though unless the unions
speeds on different matters, deals, declines as many hopeless lower in public esteem." A civil to their members, present and and reflecting different priorimeasure of the centre-right's That means as Gavin Laird of strength in future will be its

Men & Matters

Counter move

A key figure in plans to create a new central co-operative trading group with sales of some £3bn a year emerged yesterday. He is 57-year-old William Farrow, currently chief executive of United Co-operative, but who from the end of October will take over at Co-operative Retail Services, the largest retail

co-op in Britain. The CRS is traditionally the "ambulance" of the co-op movement, taking over retail societies whic get into trading difficulties. A couple of years ago, it tended the ailing London Co-op. instituting a ruthless rational-isation programme to keep it alive.

Farrow's main task now, however, will be to steer through the proposed merger of the CRS, with sales of £1bn a year, and the Manchester-based Co-operative Wholesale Society, which has an annual turnover of £2bn. The aim is to form a "super co-op" that would give the back against the steady en-croachments of competitors like Tesco and Sainsbury.

A quietly-spoken but tough Northerner, Farrow is a past chairman of the CWS and still a board member. That should help him form an effective partnership with Dennis Landau, CWS chief executive, though no lop management structure has yet hear desired for the part yet been devised for the new

Workmates

Sanwa Bank of Japan shows some concern in its latest news-

may soon be challenging for traditional preserves.

As that happened in the U.S. the bank warns, "numerous other phenomena" appeared—a rise in the proportion of single women, a decline in the birth rate, an increase in divorce and in the number of women living alone. "In the long run, this may

also lead to the erosion of the vitality of the nation," the bank says. It calls for government guidance and a flexible response from industry to help women combine a career with a family life. "If left to the individual, Japan will follow the same course as the United States," the bank predicts.

Peacock's flight

Australia's former foreign minister, Andrew Peacok, nicknamed by politicians Down Under as Gucci Boots because of his male model good looks, or his male model good looks, Italian suits, and footwear, has graced the pages of several glossy magazines as one of the world's most eligible men. Not

After attending the Austra-lian parliament in Canberra yesterday he and former finance minister John Howard, and former deputy prime minister Doug Anthony, left through a back door, drove 60 miles to a ski resort, and then took a light group when it is formed some aircraft through heavy rain-time next year. storms to Melbourne for what was intended to be the surprise

wedding of the year. But by the time Peacock turned up at church to marry his former secretary, Margaret St George, now a Melbourne letter over the shape of business consultant, the news women's employment in the was out and the press was there

country. The pattern, it in force.

The mole responsible for this features of the cars and a commentary traces the company's trapezoidal-shape curve to a political leak turned out to be trapezoidal-shape curve."

In other words, more women are taking full-time jobs and cangerra he had blown the mone taking full-time jobs and cangerra he had blown the more taking full-time jobs and cangerra he had blown the more taking full-time jobs and cangerra he had blown the company's the work of Imagination, a com-



'Bad tempered lot those 'Which?' testers"

gaffe, telling parliament that he wished Peacock a more happy and pleasant time on honeymoon than he had had as leader of the opposition.

Sales pitch

The Barbican's underground car-park does not spring readily to mind as a fun place. But this week it has been the nearest thing to Disneyland in London.

Discounting nothing in its efforts to sell its 1984 range of cars, Ford has spent around £1m in creating an extravaganza this unlikely setting for 10,000 of its dealers and their staffs.

Slowly-moving carriages take their passengers on a magical mystery tour through eye-catching tableaux. Trumpets play. Actors highlight the best mentary traces the company's

mercial presentation company, As well as the train ride, it has laid on an audio-visual presentation, screened in the con-cert hall. Beneath it, playing an original soundtrack by Stanley Myers, is the Barbican's resident orchestra, the LSO.

With lunch and peripheral entertainment by jugglers and trapeze artists thrown in, Ford dealers, it is reckoned, will be ready to face the sales' fray

Fat of the land Geneva yesterday celebrated its

special day of fasting — and I do mean celebrated. Since its first observance in 1567, the occasion has gradually

been turned into a day of gourmandising. Restaurants confus-ingly offer "fasting menus" of huge proportions, featuring the "indispensable and succulent" speciality, prune tarts. All this coincided yesterday

with a report that the Swiss absorb an average 3,200 calories each per day, whereas 2,500-3,000 would be quite sufficient. The total population, it is calculated, drags around daily an "inert mass" of some 30,000

Fares please ...

When Stanstead airport was recent weekend a DC8 jetliner which operates a service to Nigeria was put on display. Contributing 20p for charity at the door you could walk through, see the cockpit, and leave through a second door,
At the end of the day
cleaners found two Nigerians
loaded with luggage sitting at the rear of the cabin.
What were they doing there?
... "We paid at the door and we're on our way to Lagos."

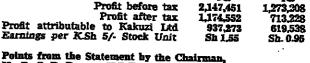
Observer

Extracts from the audited results for the year ended

COFFEE, TEA AND SISAL PLANTATIONS AND RANCHING IN KENYA

28 February 1983 28 Feb 1983 28 Feb 1982

Profit after tax Profit attributable to Kakuzi Ltd Earnings per K.Sh 5/- Stock Unit











2,000,162 kilos 617 tonnes Coffee: There is every indication that production in 1983/4 will be not less than in the previous two years. All operations are up to date,

Tea: The bad weather in the first half of the year produced disappointing yields. From September onwards the situation improved and a flush developed which exceeded the theoretical capacity of the factory,

Sisal: The leaf-cutting rights agreement is working to the benefit of both parties. The release of cash from the capital employed has enabled us to effect many capital improvements. Livestock: Fewer sales of cattle fetched better prices and the herd is looking well.

Dividend: Proposed final dividend of 9% making 15% for the year. (Equivalent to 30% on last year's capital.) Outlook: Short-term prospects are good with improved average prices for both coffee and tea.

The Company's shares are listed in the Financial Times under "Finance, Land etc."

Copies of the Annual Report are available from the Secretaries. Estates Services Ltd., P.O. Box 30572, Nairobi, Kenya or from Quilter Goodison & Co. Garrard House, 31/45 Gresham Street, London EC2V 7LH

Alan Friedman interviews Robin Leigh-Pemberton, Governor of the Bank of England

'Lucky enough to have a job like this'

AT A FEW minutes past nine last Thursday morning, a tall, solitary figure in modest grey attire wandered out of the build-ing near St Paul's Cathedral which houses his flat and strolled eastward, to the impos-ing Threadneedle Street headquarters of the Bank of England.

Mr Robin Leigh-Pembertonold Etonian, ex-Grenadier Guard, Lord Lieutenant of Guard, Lord Lieutenant of Kent and former chairman of National Westminster Bank, who considers himself "lucky to have a job like this "—was on his way to work. Unlike Lord Richardson, his predecessor as Governor, Mr Leigh-Pemberton uses the official residence at New Change and takes less than 10 minutes to takes less than 10 minutes to

It is highly unusual for any Governor of Britain's central bank to invite outsiders to his office and provide a detailed view of his day, but this is what Mr Leigh-Pemberton did last week. In the past the Bank of England has been aloof, secretive and at times downright arrogant, but the new Governor seems determined to allow more light to shipe on the weeklers. light to shine on the workings

Determined to allow more light to shine

A state of the sta

manor — 1975 Talifornia

of the 200-year-old institution he has headed since July.

The light is not going to illuminate every corner though. For example, Mr Leigh-Pemberton became distinctly uneasy when pressed on matters relating to international debt prob-lems. He does not wish to make major policy statements on this subject yet. Nonetheless, the new Governor seems to relish the chance to sweep away some of the mystique that has traditionally surrounded his

By half past nine the Governor was seated at his for the Governor since last February, is the first and last person to see Mr Leigh-Pemberton each day. He is usually in Governor. the Bank before the Governor It can b arrives in his high-ceilinged, tetes between the Governor and

appointments schedule. It was to be a busy day.

Reading the myriad reports and briefing papers is some-thing which "comes easily" to the Governor. "Anyone who has practised at the Bar gets used to it." he says to it," he says.

After the Governor's Private Secretary—GPS to colleagues inside the Bank—had left, Mr Leigh-Pemberton spent 30 minutes digtating correspondence to his personal secretary. By 10.30, he was ready for his first engagement of the day, a visit from the Government Broker.

"The Government Broker's visit is one of several routine visits each week. He tells me how he sees the market and its developments and I tell him about the Government's hopes and aspirations in its funding programme," explains the

But this exchange of views went rather quickly last Thurs-day, for the Broker's visit lasted just ten minutes. It was then time for one of the key meet-ings of the day, a daily assembly of a dozen senior Bank officials in the Governor's office, known by the anachronistic name of

"Books" is a name which is derived from the days before the 1944 nationalisation of the Bank, when each morning the commercial accounts (or books) of the Bank were presented to the Governor for inspection.

Nowadays it is the general staff
meeting which brings together
dapartment heads who report to the Governor on the money markets, gilt-edged securities, foreign exchange market, over-seas affairs, domestic banking supervision and UK industrial outlook.

Bank of England insiders say that Books would astonish anyone not familiar with the perts who know each other terribly well." When Books concludes—the meeting are in the state of t concludes—the meeting can last from five minutes to half an hour—this is the time con-sidered best to grab the Gover-Georgian mahogany writing nor's attention for a few says Mr Leigh-Pemberton. table, his Private Secretary, minutes. But such meetings At half past eleven John Bartlett, at his side, Mr are not as impromptu as they Governor convened the we Bartlett, who has been working may sound; even executive session of the Committee directors of the Bank tend to check in with Mr Bartlett before having a word with the

ground floor office, and almost senior Bank officials that key always stays on after he policy decisions are ironed out. Confidential committee, a sort departs. Last Thursday, as The detailed considerations are usual, Mr Bartlett provided the day's working papers and such chats take place, and the mittee where I have prelimi-



The new Governor seems to relish the chance to sweep away some of the job's mystique

is in a position to take a view on the subject in question.

Last Thursday morning Books ended at 11.15 and Mr Kit McMahon, deputy governor, stayed on for a quarter of an comes to a board of directors. "We finalised a few ideas,"

At half past eleven the Governor convened the weekly session of the Committee of Treasury, the most senior committee of the Court. In attendance were the deputy governor and five non-executive Bank directors. What is the work of this committee?

(decrease) in net asset replace-

which will subsequently come to the Court," explains Mr Finally, at midday on Thurs-

day, the Governor left his ground-floor office for the first time and walked upstairs to the architecturally very impres-ive" meeting room of the Court.

For a little over an hour, the Governor and 15 Bank of policy. Mr Leigh-Pemberton has provided this parrative of last Thursday's meeting of the Court:
"We started with major
"Rank's assets

changes in the Bank's assets and liabilities and changes in note circulation. Then we moved on to a discussion of money markets, gits and foreign exchange. We then discussed the domestic economy. Other than foreign exchange, we did not touch on overseas

the Department of Trade and Industry. We considered the implications of the very substantial monitoring role the Bank is going to have to would not be drawn on the fact exercise over the Stock that the Government already Exchange. This is going to be a major responsibility for us, and sanctions when it told British I think we shall have to acquire a degree of extra knowledge and detail."

Then, leaning forward in his chair and speaking in a slightly hushed voice, Mr Leigh-Pemberton added: "And I feel quite clearly that we are the right organisation to do this."

After the Court was adjourned the Governor of the Bank, one of the two or three lunches he hosts inside the Bank each week.

Although last Thursday aftermeeting of the Bank's audit committee, an interview with representatives of the discount market ("another of these routine meetings with people from the City") and the reading of briefing papers on this Monday's monthly Bank for International Settlements meeting in Basle, the Governor said he generally has "a fairly constant flow of visitors from overseas and from leading in-

He speaks to the Chancellor once a week, but has only make one meeting with Mrs Thatcher since taking office in July, mainly because both the mainly because both the Governor and the Prime Minister were on holiday for work in the morning.

The Governor is not much

The Governor is not much

Would the Governor expect be in more frequent touch with the Treasury and Downing Street in times of financial crisis? Yes, indeed, said Mr Leigh-Pemberton, but added that "there hasn't been one" since he took over from Lord

What was the Governor's day like in early August when the British Government stopped UK banks from signing a \$1.5bn commercial loan for Argentina until the IMF convened a special meeting to declare its satisfaction with the lifting of sanctions against British com-

"It was a busy day. I am always impressed that modern communications can be so prompt, from here to the Fed and to the Chancellor. I spoke several times with Paul Volcker and with the Chancellor, who was in the countryside in

We then discussed the pro- Leicestershire, but even "We then discussed the progress of talks with the Chaircould be got."

Mr Leigh-Pemberton said the

Government took the view that British firms should be able to remit profits from Argentina before the loan went ahead. He banks not to sign the loan. He would also not be drawn on the goes to plan, the curtain will 21 years. issue of whether the Bank come down on the dramatic implemented or originated policy in the Argentine loan the U.S. Government. The U.S. saga, saying only that the Bank

"contributed" to policy.

Moving away from policy matters. Mr Leigh-Pemberton becomes ever more reticent.

What is his social life like? He flourned the Governor says he must attend official niched with a dozen directors dinners two or three times a "I don't socialise very Anybody who is lucky enough to have this job mus accept certain limitations on their social life," he explains. At weekends he roes down to his wife and family at Torry Hill, his 2,500 acre farm (complete with private model steam railway) in Kent. He expects to spend most nights during the week at the New Change flat

The institution

this winter, and reckons he will read most of the documents from his dispatch case in the evenings rather than before

interested in television, or for that matter in television, or for that matter in newspapers (he says he glances "only briefly" at the Financial Times and the Times). "I don't see very much ordinary television, but I can't say I regret it. Whenever I do watch something I always have to ask 'Who's that meant to be?' and I am gene-rally told about the character." It seems a busy life, but Bank insiders say the institution is more relaxed than under Lord Richardson. The new Governor likes to delegate responsibility, and from various reports appears to have adopted the kind of managerial approach

which marks the Administration of President Reagan. How does he like the job so far? "I find my days here extremely agreeable," answers Robin Leigh-Pemberton, with one of those smiles of total equanimity for which he is so well known.

Lombard

Chrysler's return to life

By Richard Lambert

come down on the dramatic. The key to the turnround story of Chrysler's bail-out by was that in its darkest hour it the U.S. Government. The U.S. had an innovative new line of

This Lazarus like recovery must make even the most ardent freemarketeer give at least a passing thought to whether governments may have whether governments may have a role to play in giving the kiss of life to a dying company. From almost every standpoint, the decision to rescue Chrysler has turned out well.

taxpayer.

The bail-out has been an unqualified blessing for a large number of creditors, suppliers, stockholders, employees, and all. Chrysler was able to cut communities. Although quite its break-even point in half substantial parts of the com- during the space of three years. pany would probably have surrived a bankruptcy or a forced me ger, the short-term dislo-cation would have been considerable even for the survivors.

This has been achieved at no cost to the taxpayer. The federal support took the form pay a fee and hand over what have turned out to be extremely fruity stock warrants.

It is true that the survival of the company has had an adverse
—although unquantifiable—
impact on Ford and General
Motors, which would have expected to pick up a part of its
market share if Chrysler had
failed. But in terms of the failed. But in terms of the general public interest, this penalty has to be balanced against the fact that a vigorously independent Chrysler gives the car-buying public a wider choice than would otherwise have been the case,

Is this just a lucky fluke? Hardly. Chrysler has had some good breaks—for instance, the bull market has enabled it to rebuild its balance sheet much sooner than it could have dared to hope, and car-buying fashions started to move its way at just

IN THE next few days, if all worst domestic car market for

Treasury will sell its stock which were to have a big success in the revitalised car success in the marketplace. In group and will realise a substantial profit on behalf of the success were conditional on major financial concessions and major financial concessions and active support on the part of everyone interested in Chrys-ler's survival.

With this requirement to con-centrate their minds, suppliers reined in their prices, lenders agreed to major balance sheet reconstructions, and employees, represented by the powerful United Auto Workers union. not only accepted big reductions in their income but also kept on working through a painful period of plant closures. Over-

The question is whether this radical reorganisation could have taken place without the intervention of the Federal Government. With the benefits of hindsight, the banks would have done better to leave Uncle Sam out of the action, of loan guarantees, in return and impose their own harsh for which the company had to conditions on the extension of further loans.

In the past two or three years, the banks have gained a lot more experience in handling the big corporate disaster. The kind of out-of-court reorganisation which is now taking place at International Harvester is a ing the level of panic and demoralisation when Chrysler was on the brink, it is hard to think that the banks would act much differently if they were to be faced with a similar crisis

The bail-out was more an act of political expediency than of economic foresight. It would not have worked if the company had continued to lose market share, or to carry a hopelessly uncompetitive level of overheads. But in the event, the Government offered a vital breathing space which no other

Letters to the Editor

Basic universal precepts for inflation accounting

Sir,—It is to be hoped that Mr Ian Davison, chairman of the Accounting Standards Com-mittee, is not in danger of throwing the baby out with the bath water in abandoning SSAP bath water in abandoning SSAP
16 and developing a new
accounting standard for inflation (Alison Hogan's article
September 5). While people
may be bored with the problems
associated with devising an
effective standard, they will not
go away just for that reason.

It is reassuring to read that It is reassuring to read that new standard will contain "the most basic and universal precepts." A standard that reflects these should clearly recognise that purchasing power is reduced by inflation; assets can also increase in value through inflation, and even give rise to real income—at least on paper; tax should be on real income; and dividends

From Mr J. Woodthorpe

they are paid out of reserves.

A format that would reflect these precepts and which could be incorporated in the statutory counts, might be as follows: Historic ie book profits

Asset revaluation gain Nominal income

charge Real income

before tax

Avallable for dividends Reduction in reserves (5)

Such a presentation recognises that income should be neither understated nor overstated if both management and shareholders are to make correct decisions. Consequently asset revaluation would include should not be paid out of capital or at least shareholders should be made aware when both stock adjustment for inflation, as well as any increase 74, St James's Street.

ment values. The capital maintenance charge would keep shareholders' equity intact against general inflation applied to year opening share-holders' funds—and allow real income to be identified. The income to be identified. The charge would be credited to a

> The division of real income between shareholders and the Inland Revenue would be evident, and might eventually persuade the Revenue to revise its rules accordingly. Dividend policy would also be quite explicit. and shareholders—in expuct. and snareholders—in other words the institutions— could decide whether they were in favour of a distribution of past reserves or not.

John Woodthorpe.

The Brazilian From Mr G. Pack

Sir.-Your editorial, "The Brazilian cliffhanger" (August measured by the GDP deflator, 30) came as a welcome reperhaps, rather than RPI and minder that, notwithstanding 30) came as a welcome rethe assertions of impending financial disaster that emanate from a variety of commentators with respect to the sovereign the balance sheet, where it would be unavailable for divided by the balance sheet, where it would be unavailable for divided by the balance sheet, where it adjustment to sustainable levels would be unavailable for divided by the balance sheet, where it adjustment to sustainable levels of debt has already because the balance reserve on debt crisis, the process of the balance reserve on debt crisis, the process of the balance sheet, where it adjustment to sustainable levels of debt has already because the balance sheet, where it adjustment to sustainable levels of debt has already because the balance sheet. fully, to take effect in Brazil as and when the economic and financial measures currently being recommended by the international Monetary Fund are implemented.

As you correctly point out. not significantly out of line with its 1983 current account surplus to date and are supportable based on this factor alone. While the process of adjust-ment will be more difficult for Brazil, it is not implausible to see a trade surplus of \$9-10bn for 1984, bringing it too into line on an arithmetical basis at present interest rates. This is not to underestimate the social and economic problems inherent in such adjustment for

As confidence returns, and we are seeing early signs of this in Mexico, it is important that sovereign risk lending be conducted more on such basic lending principles as cash flow and repayment ability and less upon such intangibles as the future potential of a given country. This way we should see the emergence of a more mature market, with benefits to both lender and borrower. Geoffrey N. Pack 67, Hilltop Drive, Chappaqua, New York 10514 U.S.A.

Burning straw and pollution From Mr I. Readman

Sir.—Aggrieved householders are surely entitled to recompense from their insurance companies in respect of damage to paintwork and furnishings from clouds of soot released by irresponsible straw-burning farmers. In turn, cannot the insurance letter that against a national average of £366 per head of population in 1983-84 urban counties fare badly. Thus whilst by upping the premiums of an agricultural community made Gwynedd £375. West and Mid rich by food prices, subsidised Glamorgan, generally recognised way above world levels by these self-same suffering holders.

Ian W. Readman. The Old School. Nr Horncastle.



"Only an international business magazine can help Tveco keep up with international markets."

> Giorgio Manina Managing Director Amsterdam, Holland

When IVECO, one of Europe's leading commercial vehicle companies was formed, they decided not to use Italian, French or German, the three manufacturers' national languages. They (Fiat VI. in Italy, Unic in France, Magirus in Germany) chose instead to use the international language of business, English. And it's the same with their choice of reading. As they expand, IVECO will be relying on Business Week International. It provides weekly worldwide updates on future business and economic trends-that no local language media can hope to match.

Like IVECO, keep in touch with the fast-moving world of business, every week in Business Week

Business Week International

Health services expenditure

From the Chairman, Rescarch Council for Complementary Medicine. Sir. - Expenditure on our health services has recently been the subject of correspondence, most of which has centred on

the question of reducing costs through improved administra-Administration is, of course, a relevant and important matter but I should like to refer to another area of expenditure

which impinges as directly upon patient welfare—that of the nature of medical care. Public and medical interest in complementary practices such as acupuncture, osteopathy, homeopathy and rapidly increasing. Yet, despite calls from many quarters for research into these therapies and techniques, little or none is being funded by government.

industry or private trusts. The British Medical Association has recently announced the creation of a working party to investigate the value of alternative medicine and has called for information from therapists and the public. This initiative, which comes at a most appropriate time, is an essential supervised programme of re-search in this field.

matic evaluation of these practices, whether leading to validation or discreditation, will result makes no apology for having in enhanced benefit and/or encouraged the Secretary of Cathay protection for the public, with State to include some element Cardiff

economic advantage. (Dr) Richard D. Tonkin. 37, Bedford Square, WC1.

Local government spending targets

and the media generally so that the consequences may be under-

consequent direct and indirect of an authority's own assess

From the Financial Adviser,

Welsh Counties Committee Weish Counties Committee
Sir,—I have just caught up
with the letter from Mr Ioan
Bowen Rees (August 31) under
the heading "Determining local
government spending targets."
There is much in Mr Rees'
letter that I would wholeheartedly support. The recent
Government White Paper on
the limitation of rating powers the limitation of rating powers raises a most serious constitu-tional issue and poses a very real threat to local democracy. I hope its proposals will be widely discussed in the Press

the consequences may be under-stood by members of the public. I am afraid I cannot whole-heartedly support Mr Rees' comments on the equity of spending targets applied to local authorities in Wales. Each authority in Wales and its officers are naturally concerned about the special problems they face. It is precisely because each authority has its own peculiar problems that the Welsh Counties Committee is unterpart to the initiation of totally opposed to the principle properly structured and of targets and penalties but, if pervised programme of re- targets are imposed, it cannot arch in this field.

accept grant related expendias as being faced with many elelit is our belief that the systeture (GRE), based on a formula,
ments of social deprivation, have

ment of need to spend in the current expenditure component

The effect of including past expenditure and latest estimate as a part (40 per cent) of the current expenditure component is in any event restricted by minimum and maximum in-creases over the preceding year which are also applied. The net effect of all the factors involved in setting targets is that the provisional targets recently announced by the Secretary of State for 1984-85 compared with 1983-84 budgets of Welsh counties produce increases of 3.3 per cent (South Glamorgan) and 2.6 per cent (Gwynedd) down to decreases of 9.6 per cent (Mid decreases of 0.6 per cent (Mid Glamorgan) and 0.8 per cent (West Glamorgan) — average 1.2 per cent.

Need to spend on local government services is a very difficult thing to assess but it is cer-tainly not dependent upon thing to assess but it is cer-tainly not dependent upon sparsity alone. Indeed it is frequently suggested to me that the present assessment of GRE in Wales is overweighted in favour of rural counties. To illustrate, it will be seen from the table included in Mr Rees' Powys has a figure of £433 and only £350 and £364 respectively. R. K. Lacey. Mid Glamorgan County Hall,

Cathaus Park,

FINANCIAL TIMES

Friday September 9 1983



Citicorp plays down bad debt fears

BY WILLIAM HALL IN NEW YORK

THIRD WORLD EXPOSURE OF TOP 10 U.S. BANKS - END 1982

THE SMALL investor in Citicorp the market leader among U.S. banks, might be forgiven for over-looking the fact that it has more than 57bn of loans outstanding to Mexico and Brazil, two of the world's most heavily indebted coun-Citicorp, very much the "blue chip" of the U.S. banking industry,

does not go out of its way to adver tise that it has loans outstanding to No more detail on the scale of the the two countries equivalent to more than Sibn above its primary capital base. Citicorp's record on that "while no absolute assurance foreign lending losses has been can be given. Citicorp's manage above average in the past, and its ment continues to believe these deposition is that while some of these oans may be non-performing, the a material adverse effect on Citivast majority of them are ultimate- corp's financial condition." ly collected plus interest. So why worry the small investor with de-

The mystery surrounding the ex-posure of banks like Citicorp and Manufacturers Hanover - which al-Nevertheless, the paucity of in-formation disclosed by Citicorp on so reveals very little - to countries facing debt problems is about to disits loans to troubled countries has appear. New SEC rules that take efraised a few eyebrows in Wall fect at the end of this year will force Street. Its latest 10Q filing with the banks to disclose much more infor-Securities and Exchange Commismation about their foreign debts. sion (SEC), covering the second quarter, gives less information than

U.S. vessels fire

BY PATRICK COCKBURN IN BEIRUT

IN a marked escalation of the grow-

ing crisis over the security of the 5,000 strong multinational force in

Lebanon, U.S. naval vessels yesterday opened fire on an artil-

ery position in the mountains above

The U.S. move was in response to

three artillery rounds fired at the

1.200 U.S. Marines stationed around

Beirut airport. The attack came

despite an overnight statement by

the Druze militia, fighting government and Christian forces close to

the capital, that they would not do

anything to endanger the lives of

members of the multinational force.

ready said that it will call in air

strikes against guns firing at its men. Both the U.S. aircraft carriers

Eisenhower and the French aircraft

carrier Foch are part of the large

flotilla of naval vessels now off the

Lebanese coast.

and bunkers.

The French Government has al-

on Druze positions

For analysts such as Mr Jim most of the other big U.S. banks on the problems it is facing in recovering its loans and interest from cialising in bank stocks, the new heavily indebted countries, where it disclosure rules "could not come is the biggest U.S. bank lender. While rival banks such as Bank operating in the dark for too long, of America go to some lengths to Mr McDermott says.

disclose the size of their exposure
to these countries, the split between
private and public-sector borrowers
and the amount of new money they
are going to have to lend in 1983 to
Brazil (which incidentally is consid
erably more than Bank of Ameri
ca's entire second-quarter net in
come), Citicorp limits its comments
to noting that there have been "cer
tain arrearages."

bank's exposure is given and share-holders are left with the statement velopments will not ultimately have

be embarrassing for groups such as Citicorp and Manufacturers Hanover, but they have more pressing problems on their mind. The end of their third quarter is fast approaching and decisions will soon have to be made on whether some of their loans to countries such as Brazil have to be put on a non-performing basis. That will occur if interest is overdue by more than 60 days in the case of state chartered banks

Chase Manh.

and 90 days in the case of nationally chartered banks. As the debt crisis has unfolded. U.S. banks have been adding to their general provision for loan losses rather than making specific

of on estimates.

Source: The American Banker, March 1983, and company balance sheets. The new disclosure rules might provisions against sovereign borrowers. But if a loan is categorised as non-performing, that has an immediate impact on earnings, even in a specific provision being established for the loan. Even if interest arrears on such loans are running at 30 or 40 days, banks will often continue to credit the interest nor-

1982

1982

only as it is received. One senior banker said vesterday

that it was too early to judge whether the impact of an increase in non-performing loans on third-

quarter earnings would be consider able or modest. A lot depends on what happens over the next three

"These items have a fluidity of their own in terms of how they are classified" noted another banker Bank regulators and the SEC, how ever, are anxious to bring more uniformity into accounting practices

for non-performing loans. Meanwhile, the leading state chartered banks, such as Chemical Bank, Manufacturers Hanover Morgan Guaranty and Bankers Trust, are understood to be pressing behind the scenes to have their loans to Brazilian borrowers treated in the same way as those of nationally-chartered banks in respect of the 90-day rule, prolonging the day when loans have to be transferred to a non-performing catego-

To date the impact of non-performing international loans on U.S. bank earnings has been modest But that might change over the next few months if there is no progress on the rescue package for Bra-However, once they are categozil, in particular.

rised as non-peforming, they can no longer do so and can credit interest \$18.5bn of loans out to Brazil which are probably earning them around

Within the oil industry it was be-

exploration and production, encou-

raged by such tax deals, would out-weigh the short-term loss in Exche-

As it is North Sea oil companies

expect to pay around £9bn in tax

this year, substantially more than

forecast by the Treasury at the time

Oil analysts in London are enthu

siastic about the deal which could

transform the balance sheets of a

Since very few of the new owners companies. A total of 170 North Sea

jects. Last year it invested £400m in Mackenzie, said the proposed deal

the North Sea and this annual rate was a "brilliant" move. "It is com-

of spending is expected to continue.

Although BP is likely to receive that you are going to find compa-

lose a considerable proportion of to minimise the impact of taxation.

Within the City of London it is estimated that the company's net much less happy about the propos-

£5m and £30m after taking account Whitehall yesterday that Govern-

of its capital gains payments and the reduction in its share of the Fornot be taken as a foregone conclu-

The loser will be Britain's Inland give its consent to any licence

profit from the deal will be between als. It was be

score of small and medium-sized oil

The mechanism is incenious

said Mr David Gray, of stockbro-

kers James Capel. "Potential buy-

ers willing to acquire 10 per cent of

but there are many looking for

Miss Carol Ferguson, of Wood

But it became apparent yester

sion. The Energy Department must

much smaller production interests

Latin American debt proposals,

REVENUE OPPORTUNITY FOR SMALL COMPANIES

mally to their earnings.

BP offers an enticing tax deal

The upshot of all this will be that

much of its lost production under

long-term contract deals. But the

The company is looking for cash

to invest in fresh North Sea pro-

hold more than eight units.

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

BRITISH Petroleum (BP) has de-BP has set a minimum tender clared open season for oil tax deals price of £5.25m for each unit, aling pointed out yesterday that the in the North Sea.

price of £5.25m for each unit, aling pointed out yesterday that the though the final "striking price" will longer term benefits from greater By offering for sale 12.5 per cent be determined by the oil industry's

mountains where there are beof its dominant interest in the pro-lific Forties field, BP has not only ther 2 per cent of the field to two, as lieved to be at least 40,000 refugees, according to the Lebanese Red assured itself a cash injection of at yet unnamed companies. least £260m (\$387m) - and a fat The upshot of all this w Christian militiamen will have difficulty in resisting the attack, say diplomats. The fate of Chrisprofit to boot - but it has also BP will reduce its interest in Forqueered the pitch for several other ties, which it found and exploited, producers who might have been from 95.8 per cent to nearer 83.8 per tians in the area is causing concern

tian casualties in the town of Bhamdown captured on Tuesday. No clear picture of the fighting has emerged since the fall of Bhamdown though both government and Christian militia forces claim to be holding their own, and even to have

tian strongholds in the Chouf

advanced in some areas. Mediation by President Ronald Reagan's special envoy to the Middie East Mr Robert McFarlane, who returned to Beirut yesterday from Damascus, has only a slender hope

Mr McFarlane has had talks with Syrian President Hafez al Assad and his ally, Mr Walid Jumblatt, the Druze leader, but without any positive result. Mr Jumblatt was reported to have returned to his forces in

The three shells which hit the airport tarmac landed close to two visrines running to defensive positions Meanwhile, in a major new offensive. Druze forces are moving against the towns of Deir el Amar and Beit el Dine. These are Chris-

thinking of doing the same. cent, and a host of companies will

The proposed deal, sprung on the find themselves with a stake in the because of reports of heavy Chris-City of London on Wednesday North Sea's most prolific field. No night, is ingenious. BP pays the top single purchaser is being allowed to rate of tax - around 90 per cent of net revenues - on its Forties field production of some 426,500 barrels are likely to have refining and mara day. The company has insufficent text credits, such as bills for predictable that BP will buy back abortive drilling, to reduce its tax

On the other hand, BP in which main benefit to BP will come the UK Governmer cent stake is aware that there are dozens of smaller companies which have been drilling with little or no of success say diplomats in the capi success in the North Sea.

Such companies would dearly like to have oil revenue in the knowledge that they can obtain relief against petroleum revenue tax more than £260m in cash, it will nies looking for any legitimate step for past and future exploration and appraisal expenditures. These tax concessions were introduced to encourage exploration and they are having the desired effect

Gromyko's account

Continued from Page 1

of the Nato allies were a one to two week suspension of Aeroflot flights to Nato countries and flights from those countries to the Soviet Union, and a change in the terms of the I'M International Civil Aviation Organisation's Chicago Convention to prohibit military attacks on civil

EEC ministers met carlier yesterday to attempt to iron out differences in approach to the U.S. call for strong demonstrative action. countries, particularly Greece, have been reluctant to go along with the U.S. demand.

Other countries were hoping that any flight ban mitiative would come from pilots' organisations rather than Governments.

Michael Donne, Aerospace Correspondent, writes: Throughout Western Europe, governments have been far slower to respond to the situation than the airline pilots. Most Western European pilots' bodies have now said either that they will implement a ban on flights to the Soviet Union, or that they will

British Airways is today to sus-pend its four-a-week flights be-Martin writes from Tokyo.

forward at last night's late meeting tween London and Moscow, as a resuit of the decision by its own pilots not to operate such services.

> No European Government has yet followed Canada in banning Aeroflot. The U.S. banned Aeroflot some time ago, in response to the Soviet invasion of Afghanistan.

In Sweden, the Government has turned down the request from the U.S. to impose a boycott on flights by Aeroflot, however flights to Sweden by the Soviet airline could still be stopped, following a decision by Swedish air traffic controllers to

decided yesterday to ban Aeroflot to Norway from Tuesday, Scandi-navian pilots flying for SAS have al-ready decided to join the interna-tional boycott of flights to the Soviet Union and will begin their ac tion on Monday. The boycott will last for two months.

 Japan has vigorously denied Soviet charges that it could have warned the Korean airliner it had strayed into Soviet airspace and thus prevent it being shot down off Sakhalin island last week, Jurek

single unit would also entitle the holder to 1,135 barrels a day of out-West German

seek a boycott of flights by Aeroflot. Norwegian air traffic controllers

World Weather

Revenue. According to a leading changes. London oil analyst, the net loss to the Exchequer over the next three cerned about the loss of revenue 0.25 per cent of the field. Given that the field is thought to years is likely to be between £90m and the timing of BP's announced the state of the st contain 800m barrels of remaining ment - almost on the eve of the and £140m. Although the Inland Revenue will £500m fund-raising operation inrecoverable reserves each unit will provide the bolder with access to receive between £240m and £310m volving a further sale of state-held less in petroleum revenue tax and BP shares. In addition they are con-2m barrels of oil. corporation tax it will gain, as an offset, between £150m and £170m further licence changes. A deal of At present production rates from BPs extra capital gains tax this nature has never been attempt-

this as capital gains tax.

Lombard rate up by 1/2 point

Continued from Page 1 ago after the dollar's strength had

because drilling is at near record

With this in mind BP is parcelling up, in small lots, the equivalent of 10 per cent of the entire Forties

field. Forty units are being offered

for tender, each one equivalent to

The Federal Government in Bonn has been loath to see an increase in official interest rates for fear that

recovery underway in the economy. The latest move is widely regarded, however, as a moderate step towards adjusting official rates to actual money market rates, as well as being a mild measure to

rein in money supply.

The Bundesbank said that since the beginning of the year money supply had shown a relatively strong" annual growth rate of 8.5 per cent. It was, therefore, threat-ening to exceed the target monetary growth rate for the year of be-

tween 4 and 7 per cent.
The central bank last adjusted official rates in March, when both the Lombard and discount rates were reduced by a full percentage point the culmination of a steady decline

The Lombard rate is the official interest rate charged by the Bundesbank on short-term lending to banks against the collateral of bonds. The discount rate, which was left unchanged yesterday at 4 per cent, is the effective rate at which the Bundesbank buys certain

Thomson-Brandt, CGE close to assets deal

Continued from Page 1

and corporation tax payments.

been anxious to shed the communications division which contributed heavily to net consolidated losses last year of FFr 2.2bn (\$273m). The goods. group has said that it did not expect on the basis of its present operathis would dampen the moderate tions to return to profit before 1985. M Gomez has long been anxious to refocus Thomson's activities on a

narrower range of activities. To this end he unsuccessfully sought to take over Grundig last year to create a European-based Since then he has taken over Telepart of the AEG Telefunken group) and entered into a full scale co-op-

eration agreement with JVC of Ja pan to manufacture video cassettes and other electronic consumer

As part of its streamlining, Tho son has also shed the electrical sub sidiary SEMS and the Compagnie des Lampes. The latest proposals under discussion could result in reducing its FFr 47bn turnover by a

By contrast CGE made net con-solidated profits of FFr 638m last year. It has also built up a cash reserve to finance expansions in the energy and telecommunications field, including link-ups with for-

New Bank scrutiny

Continued from Page 1

Other key measures include alowing non-members to play a more

This includes introducing nonbody is also to be established. to stockbroking firms where out- the Court of the Bank

change's minimum commission side interests may hold a stake of up to 29.9 per cent are also being

This could open the way to meractive role in the exchange's affairs. chant and commercial banks playing a new role in the stock market. members of the Council of the Stock Exchange to the appeals committee. An independent appeals Goodison, the stock exchange's chairman, and with the Department Proposals which will permit non- of Trade and Industry, occupied executive directors to be appointed much of last Thursday's meeting of

THE LEX COLUMN Hepworth lining wears thin

Shareholders in Steetley will be underwhelmed at the achievement. but Hepworth Ceramic has at least returned its pre-tax profits to the £15m level seen in 1979 and 1980 after two recessionary years at just over £12m. Cynical observers may indeed feel a little surprised that Hepworth has not been able to put on more of a show pending the Monopolies Commission report on its lapsed bid for Steetley. More properly puzzling, perhaps, is that Hepworth's first half turnover should only have grown 10 per cent

tion of U.S. losses approaching £3m. These look like further signs, if such were needed, of the maturity of Henworth's principal markets. Roller kilns are cutting production costs sharply and the company's workforce will again be reduced this year and next. Higher profits should result now that volume £30m or more at a pre-tax level for

1983 - but the search for long-term growth still points to acquisitions. Hepworth is now exporting 40 per cent of its refractories production. It seems disinclined to reduce any further its reliance on the UK home market, though this might well be one of the options up for discussion when the board puts in its second appearance before the Commission today. In the meantime, the shares at 136p, down 3p last night, offer a prospective yield of about 6.6 per cent but the premium of Steetley's share price over the implicit value of Hepworth's old share offer bas widened to 14 per cent.

Although cosy relations between merger candidates should not be a criterion for measuring the public good, it is nevertheless a great rari-

tion, to be referred to the Monopomisfortune seems to stem from complaints from their customers, the UK car manufacturers. A merger would reduce from two to one the number of UK suppliers of products such as bearings and pistons -

which provides the prima facie case But on detailed consideration, the argument may be found to hold little water. There is fierce international competition in all these prodto £167.9m despite a significant im-provement in its clay pipes markets in the UK and the U.S. – or that ucts, and anyway the manufactur-ers have been switching from dual to single sourcing. Meanwhile the trading margins should have im-proved so little despite the eliminavolume of supplies to manufactur-ers is less significant than the re-

> company patently awaiting a cyclical recovery. Past high profits were dependent on weak sterling more than anything else, and the compa-ny remains too small a competitor in a declining market. So, given a Monopolies clearance, the merger is likely to go ahead on fairly similar terms to those agreed. For those of a gambling disposition AE at 50p, down 8p yesterday, offers a possible way into GKN at a 25 per cent dis-Swedish loan

The ecstatic reception of Sweden's domestic sterling syndicated credit - now to be doubled to a redon banks at the rate of £½bn a

tured so that only £75m can be down at 213p.

ty for an uncontested takeover, un-blemished by third party interven-single day. But the evidence of the depth of the market, along with the lies Commission. GKN and AE's tight terms obtained by Sweden, may well have the effect of attracting imitators. Apart from the immediate pressure on the exchange rate from a regular capital out flow, such a development would tend to rebuild the foreign sterling hold-ings dismantled in the late 1970s, and make exchange-rate manage-ment much more difficult. As things stand, the Bank of England can exercise little control.

Sedgwick

Haif-year results from Sedewick Group, Britain's largest independent insurance broker, look impresplacement market, which remains in need of further rationalisation.
Unlike Ibstock Johnsen, AE is not a large part of the improvement comes from currency gains. Strip-ping out the \$6.5m gained from fa-vourable exchange rate movements the growth in pre-tax profits is ·around 4 per cent

Sedgwick is on an acquisition trendmill. It has made no secret that it would like to be the biggest broker in the world and it wants to maintain a good record of growth. Some five percentage points of the 19 per cent growth in brokerage revenue for the half year comes from its acquisitions of businesses, while six points comes from organic growth in business volumes, and eight points from the favourable effect of exchange rates.

Its long-running courtship of cord £500m - reflects in part the Alexander & Alexander Services shortage of prime borrowers in the can by no means be regarded as market. At the same time, last over although for the moment such year's change in the local authority an acquisition, incorporating the borrowing regulations means that troubled Howden group, could they are repaying loans to the Lon-prove indigestible. Sedgwick is still looking for a retail outlet for its warter. broking operations in the U.S.,
As a one-off, the Swedish credit while the obsession with Alexander has limited implications for the ex- & Alexander is likely to overhang change markets. It has been struc- its share price, which closed 2p

agram

ladian }

To Holders of Marion International Finance N.V.

9% Convertible Subordinated Guaranteed Debentures Due 1995 Notice is hereby given that United States Bankruptcy Judge Gordon B. Kahn. on motion of Ogata, A.G., Structa, A.G., and Duke Street Trust (the "Applicants"), has directed that an Official Debentureholder Creditors Committee (the "Committee"), consisting of the seven largest holders (the "Holders") of Marion International Finance N.V. 9% Convertible Subordinated Guaranteed Debentures Due 1995 (the "Debentures") willing to serve, be formed in the matter of Marion Corporation (the guarantor of the Debentures). Case Number 83-00373, a Chapter 11 proceeding under the United States Bankruptcy Code, presently pending in the United States Bankruptcy Court for the Southern District of Alabama.

In order to determine the seven largest Holders willing to serve, the court has further directed that Applicants, and J. Henry Schroder Bank & Trust Company, the successor Indenture Trustee for the Debentures, convene a meeting (the "Meeting") of the Holders which will be held at 2:00 p.m., on Monday. September 26. 1983, at the offices of J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015, 9th floor, for that purpose. Holders of Debentures who follow the procedures described below will be eligible for appointment to the Committee if they are among the seven largest

Attendance at the Meeting by Holders of Debentures may be in person or by proxy. Forms of proxies may be obtained from J. Henry Schroder Bank & Trust Company (the "Indenture Trustee") at its Corporate Trust Department. One State Street, New York. New York 10015, Attention: Stock Transfer Window. In order to be represented by proxy, the proxy and the Debentures to which such proxy relate must be presented to the representatives of the Indenture Trustee at the Meeting or such proxy must either be accompanied by a completed certificate as more fully described below or the Debentures to which such proxy relates must be included in a Cedel S.A. or Euroclear Operator certification previously furnished to the indenture Trustee as more fully described below. In order that Debentures may be represented at the Meeting, either by proxy or in

person, without being produced thereat, such Debentures must be presented to either a bank, or a trust company, or if the Holder is a participant in Cedel S.A. or the Euroclear System, the Holder may make a deposit of the Debentures to their securities clearance account on the books of Cedel S.A. or Morgan Guaranty Trust Company of New York. Brussels Branch, as operator of the Euroclear System (the "Euroclear Operator"). Upon presentation to a bank or trust company, the bank or trust company shall issue to or upon order of the Holder a certificate for presentation at the Meeting stating the amount of Debentures held and the person or entity entitled to be thereby present in person or by proxy at the Meeting. If the issuer is a bank or trust company which does not maintain the Debentures in question with the Euroclear Operator or Cedel S.A., it shall further identify the serial numbers of the Debentures represented by the certificate. With respect to any Debentures for which a certificate has been issued, the issuer of the certificate shall further advise the Indenture Trustee if it is directed to transfer the underlying Debentures to another Holder prior to the Meeting, in which event such certificate shall be null and void. At the direction of the Holder, a bank or trust company may also issue a certificate in bearer form, provided that the Debentures represented by such certificate must be deposited with the bank or trust company issuing the certificate pending the Meeting, prior to which time they may not be released except upon return of the certificate. Forms of the certificate may be obtained from the indenture Trustee at its Corporate Trust Department, One State Street, New York, New York 10015, Attention: Stock Transfer Window. Cedel S.A. and the Euroclear Operator have agreed that, upon request of a Holder who has deposited Debentures directly with Cedel S.A. or the Euroclear Operator. Cedel S.A. or the Euroclear Operator will certify directly to the Indenture Trustee. In a form mutually agreeable to the Indenture Trustee and Cedel S.A. or the Euroclear Operator, the aggregate principal amount of Debentures standing to the credit of the securiator, the aggregate principal amount of recommers summing to the cream of the securities account of such Holder on the date requested and any change in the amount of such Debentures prior to the date of the Meeting. The Indenture Trustee has agreed that it will accept such certificate (assuming in form satisfactory to the Indenture Trustee) from Cedel S.A. or the Euroclear Operator as evidence of such Holder's right to be present or represented at the Meeting in respect of the aggregate principal amount of Debentures so certified as being held by such Holder on the date of the Meeting.

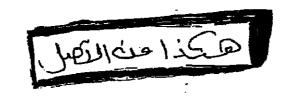
Persons attending the Meeting through the aforesaid certification by Cedel S.A. or the Euroclear Operator or by certificate of a bank or trust company, and persons attending the Meeting through either of the aloresaid certifications and by proxy shall further present personal identification sufficient to satisfy the Indenture Trustee that such person is the person named in the certification and or proxy.

OGATA, A.G. Structa A.G. **Duke Street Trust**

J. HENRY SCHRODER BANK & TRUST COMPANY as successor Indenture Trustee

Dated: August 31, 1983

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SECTION II - INTERNATIONAL COMPANIES

FINANCIALTIMES

Friday September 9 1983



Lockheed noses out Rockwell for \$2.5bn space shuttle deal

BY WILLIAM HALL IN NEW YORK

A GROUP of companies led by its familiarity with the shuttle Lockheed has beaten a rival consor- which it largely constructed. tium led by Rockwell International and landed the lucrative \$2.5bn contract to overhaul the U.S. space shuttle.

The U.S. Administration has for some time wanted more of the space shuttle programme to be subcontracted to the private sector, and the award of the shuttle processing contract is the biggest of three contracts which will be awarded to the private sector. Earlier this year, the National Aeronautics and Space Administration (NASA) selected EG&G, diversified electronic equipment manufacturer, to provide base support operations at the Kennedy Space Centre in Florida in a threeyear contract valued at \$193m. A further contract to handle the processing of shuttle cargoes still has to be awarded. The purpose of the contracts is to reduce the number of bodies NASA has to deal with and make the operation of the shuttle more efficient and commercial.

The award of the contract is a major blow for Rockwell, which has first two three-year periods and built all the shuttles to date and could total more than \$6bn over the played a leading role in servicing them. The Rockwell team bidding for the shuttle processing contract included Boeing, Martin Marietta, the USBI Launch Services Corpora-are delivered they are expected to tion and United Aerospace. Rock- be flying back and forth into space well was believed to be the fron- with commercial and defence car

Although Lockheed would not comment on the reasons why it won the contract, it is understood that there was a feeling that some NA-SA officials wanted a change of con-

At present some 15 separate companies perform various servicing tasks on the shuttle after it has landed. By consolidating these contracts into one, NASA believes that it will save money and reduce bu-

includes Grumman Aerospace. Morton Thiokol and Pan American Airways, covers the ground processing, launch and landing of the shuttle fleet and operation and maintenance of the shuttle's associated ground systems at both the Kennedy Space Centre and Vandenberg Air Force Base in California. According to Lockheed the value of the latest contract is \$2.5bn for the next 15 years.

The space shuttle programme lies at the heart of the U.S. space proare delivered they are expected to

Seagram slows down in second quarter

BY TERRY DODSWORTH IN NEW YORK

distilling group, pushed net profits which had a negative impact on up by 24 per cent from U.S.\$59.8m earnings translated from overseas. or 67 cents a share to \$74.4m, or 82 cents in the second quarter to July following a \$12.9m fall in its net interest charge.

The operating results, with profits down from \$63m to \$54m, reflect the continuing stagnation in the U.S. wine and spirits market. Sales rose only marginally, from \$609.6m to \$810m for the second quarter.

For the first half, net earnings rose from \$113.5m or \$1.28 a share to \$128.8m or \$1.43, on sales down from \$1.21bn to \$1.16bn.

Seagram said yesterday that,

SEAGRAM, the Montreal-based by the strength of the U.S. dollar,

The group also attacked the Canadian Government's policy of indexing excise taxes on alcohol, which will generate a 13 per cent increase from the beginning of September. This policy will produce a further erosion of the Canadian spirits and wine market, it said.

The reduction in the company's has involved the repayment of \$120m in short term debt and \$120m in variable rate borrowings apart from the poor trading condi-tions, the results were also affected for a total of \$250m.

Canadian bank revives

BY ROBERT GIBBENS IN MONTREAL

ROYAL BANK of Canada, largest CS81m, or 86 cents, a year earlier on of the Canadian chartered banks with assets of C\$86bn (\$69.9bn) at July 31, has reported a major rebound in earnings in the third quar-

ter and nine months. Third-quarter profit was The bank said domest C\$121.1m, or C\$1.24 a share, against mance improved sharply.

Intershop lifts

profit by 27%

INTERSHOP HOLDING, the Zu-

rich-besed internationally owned property development company, lifted income 27 per cent to SwFr 17.2m (\$7.9m) in the year to March

31. The board is to recommend payment of an increased dividend of 9

per cent from net profits up by 6 per cent to SwFr 6.2m. In 1981-82 the

company distributed an 8 per cent dividend, plus 2 per cent jubilee bo-

A substantial part of Intershop's

activities was again centred on U.S.

operations. The Zurich holding company increased to 70 per cent

its stake in Intershop HFA Manage-

ment Company. Dallas, which man-

ages a total of 55 properties in Atlanta and Miami. For the first time,

the Panama firm Intershop Properties USA Corporation contributed

to American income. A new shop-

ping centre in which Intershop has

a 50 per cent stake was opened at

Springfield, Pennsylvania, in Feb-

ruary of this year, while expansion

took place in centres in Philadel-

In Europe, a leisure centre is un-

der construction adjacent to a Vien-

nese shopping mall, while "substantiul capital gains" were realised by the sale of the Kaufhaus Tyrol de-

partment store in Innsbruck. A shopping centre is nearing comple-

Of total investments at the end of

this March, some 34 per cent were

in the U.S., 22 per cent each in Ger-

many and France, 20 per cent in Switzerland and 1 per cent each in

Austria and Canada.

tion in the Swiss town of Zug.

phia and Weslaco, Texas.

in full year

By John Wicks in Zurich

revenues of C\$2,13bn against C\$3.06bn. Nine months net profit was C\$353.2m, or C\$3.74 a share, against C\$247m, or C\$2.66, on revenues of C\$6.7bn, against C\$9.2bn. The bank said domestic perfor-

BY OUR NEW YORK STAFF

Sales also slowed down dramati-

the three months, with new order

BY OUR NEW YORK STAFF

based insurance group, has built up a stake of 5.49 per cent in Alexan-der and Alexander, the second big-

gest insurance brokerage firm in the U.S.

Providence has disclosed in a fil-

ing with the Securities and Ex-

change Commission that it acquired

896,900 shares in Alexander and

Alexander at prices ranging from

\$20.75 to \$26.875 between July 13

against 49 cents.

Sales slowdown hits

FLUOR, a leading U.S. civil engi- year earlier.

intake down to \$399m from \$555m a division shortly.

Fluor at nine months

neering and construction group.

lost further ground in the third quarter to July, when net profits slumped to \$8.9m from \$38.5m in with net earnings at \$68.7m, against

the same period of 1982. Earnings \$120.5m. Capital expenditure, howper share amounted to 11 cents, ever, is still running strongly at against 49 cents. ever, is still running strongly at \$210m for the period to end July.

cally, falling to \$1.4bn against velopment contract for a coalmine \$1.9bn. There was no evidence of in China, plans to sell off its distri-

any upburn in the outlook during button group. It expects to give the three months, with new order some indication of the value of this

PROVIDENCE Capitol, a Bermuda-based insurance group, has built up are valued at \$30m at current

Bermuda group's U.S. move

tractor in the interests of efficiency.

reaucracy. The Lockheed consortium, which

trunner for the contract because of goes every fortnight or so.

agency, who took over as chairman look-following the retirement of General The Jacques Mitterrand in May, added the airliners. M Martre reaffirmed that the formal launch of the A-320 the world aircraft, which has been at the centre of a long-running tussle over divisions is:

In constrast to other internation-

difficulties ahead, new orders last

year plummeted to FFr 16.3bn from

debts were multiplied by five to FFr

THE INTERNATIONAL civil airlin- aerospace collaboration among the ● Aircraft, which make up 36.6 per er market is unlikely to pick up un- French, West German and British cent of group turnover with sales of til the end of 1984 or the beginning governments, would go ahead be-of 1985, says M Jean Martre, the fore the end of the year. chairman of Aerospatiale, the As for the suggested year for en-

French nationalised aerospace try into service of the aircraft, M Aerospatiale, after several years "a good date". Other European part- a month (against earlier plans of of fast expansion, is in the midst of ners, together with some of the ina difficult period of commercial ternational airlines who would be and output would have to be cut fur-belt-tightening as a result of the customers for the plane, believe ther unless new orders came in. simultaneous downturn in its most that 1989/90 would be a more realisimportant civil and military mar- tic date. No formal agreement for the \$2bn development project has company, which boosted yet been reached.

sales 30 per cent last year to FFr If the Airbus Industrie consor-21.4ba (\$2.6bn) and has followed a tium did not succeed with the furpolicy of rapid staff expansion in recent years, faces much lower sales growth in 1983 and is trying to slim absent from the commercial airlings absent from the commercial airlings. its workforce through early retire er market, and leaving the market open to the Americans.

General Mitterrand, brother of subcontracting work. al aerospace groups, the company the French president, earlier this has firmly ruled out redundancies year blamed the downturn in Airyear blamed the downturn in Airamong its 36,000 employees. But to bus sales partly on lack of sufficient adapt production to lower orders, it is making fresh cuts in working financial support from banks in bours throughout the group, to 38 britain and West Germany. M Marhours throughout the group, to 38 tre said talks were underway beper week at the end of the year tween export credit agencies in tween export credit agencies in (from 38.3 at present).

Aerospatiale, which made net profits of FFr 96.2m last year (well France and its two European partners to try to achieve "more homogeneity" in the provision of Airbus export credits. This was necessary down from FFr 158.6m in 1981) looks likely to record a worse result to compete with financial terms in 1983, although it still hopes to reavailable from U.S. rivals Boeing main in the black. As a prelude to and McDonnell Douglas.

M Martre defined his objectives FFr 22.3bn, while the company's for Aerospatiale as to maintain its "healthy" financial management "and to make profits." But like his M Martre, former head of the predecessor, he made no bones Government's arms directorate about the sombre short-term out-

The recession has hit three of Aerospatiale's four operating divihis weight to persistent French sions particularly hard – aero-calls for a European decision on the planes, helicopters and ballistic sysplanned new generation of 150- tems and space. The fourth - tactiseater Airbus airliners, the A-320, cal missiles, whose production in-Aerospatiale is the main sharehol- cludes the Exocet - has been holdder in the pan-European Airbus Ining up better than the others but, dustrie consortium which makes says M Martre, has also been hit by stagnating military budgets around

In detail, the position of the four

Aerospatiale expects a bumpy ride

BY DAVID MARSH IN PARIS

FRENCH AIRCRAFT MAKER STRESSES IMPORTANCE OF AIRBUS VENTURE

FFr 7.77bn last year (up 38 per cent from 1981) is encountering difficulties from the slump in Airbus sales. M Martre says the present Air-

Martre said that 1983 still seemed bus production rate is down to five building up to eight by next year) Airbus activities accounted for 72 per cent of the aircraft division's sales last year, against 66 per cent

> The division has also been affected by the downturn in sales and or- 1985. ecutive jets made by France's sec-ond national aircraft manufacturer, Avions Marcel Dassault-Breguet. for which Aerospatiale carries out

AEROSPATIALE'S RECENT PERFORMANCE					
	Sales FFr	Net profit or loss FFr			
76	9.0bn	621m*			
77	9.5ba	447m*			
78	9.5bn	87m"			
79	11.4bn	8m			

16.5bn

In particular, orders for the Mirage 2000 fighter made by Dassaulteguet have been severely affected by French defence budget cuts, while Falcon executive jet output has had to be slashed because of the general business downturn. spatiale, however, has had some compensation as a result of stepped-up deliveries for the French air force of its Transall transport aircraft (at present in ser-

One bright spot on the aircraft side is the joint development with Aeritalia of Italy of the ATR-42, a 40-50 seater commuter aircraft. M Martre said the groups had re-ceived about 60 orders for the

vice in Chad).

plane, mostly from outside France and Italy. On the possibility of securing a deal to sell the aircraft to China, on which some in the aucraft industry are pinning high hopes, M Martre said negotiations with the Chinese were "always diffi-

On general prospects for the civil aircraft market, M Martre said there were already some signs of a recovery in world passenger traific and in the financial situation of international airlines. But a general recovery would have to wait at least until the end of 1984 or the start of

ders for the fighter aircraft and ex- Aerospatiale's helicopter division, which makes up 19.8 per cent of turnover (1982 sales were up 26 per cent at FFr 4.3bn), has been hard hit by the downturn in the important civil sector in the U.S., where Aerospatiale has 20 per cent of the market (especially for offshore oil installations). M Martre said there were "relatively fragile" signs of a recovery in this market, but no general upturn was expected before the end of 1983 or the middle of 1984.

He pointed out that orders for Aerospatiale's military helicopters. in operation in about 50 countries. were restrained by cutbacks in defence budgets in the West and the Third World.

• Tactical missiles, which accounted for 25.8 per cent of turnover last year (sales of FFr 5.5bn, up 28 per cent), have also been affected by defence cuts and the division is "not particularly flourishing," according to M Martre. Its main product is the Exocet anti-ship weapon, of which 2,000 have been ordered for use by 27 navies around the world. Aerospatiale also collaborates in

building the French-German Milan and Hot anti-tank missiles. The French, German and UK governments have recently agreed to go ahead with development of a new generation of anti-tank weapon. while Aerospatiale is also developanti-ship missile for use in the

Commenting on the widely- played an important role.

Heinz ahead in first Argentine navy during last year's Falklands war, M Martre denied quarter that the episode had prompted any

publicised use of the Exocet by the

ders. He said the Falklands pub-licity had merely shown that the ex-

tent of public knowledge of the Ex-

ocet's effectiveness was lagging

well behind already well-establish

ed professional opinion about the

Špace and ballistic systems

Aerospatiale's fourth operating di-

vision, making up 17.8 per cent of

sales (FFr 3.66bn last year, up 28 per cent from 1981), has also been

Around 77 per cent of the divi

France's independent nuclear force.

M Martre confirmed that delays in

French government programmes

for a new generation of M 5 multi-

ple-warhead missiles for the coun-

These hold-ups have been only

partly compensated for by the Gov-

ernment's decision to start develop-

ment work on a new 350 km-range

semiballistic nuclear weapon, the

Hades, to replace the Pluton rocket

current and future series of Eu-

rope's space rocket Ariane, satellite

activities have been hit by interna-

tional uncertainties over orders for

television and other communica-

tions satellites. Eurosatellite, the

mainly Franco-German satellite

company in which Aerospatiale has

an important stake, is still waiting for a follow-up order to build a sec-

have also forced the postponement,

causing a problem."

in the early 1990s.

affected by budgetary squeezes.

weapon around the world's navies.

By Our New York Staff

H. J. HEINZ, the U.S. processed foods manufacturer, raised its net earnings by 11.2 per cent in the first quarter to July while sales rose by 3.4 per cent to \$940m.

The increase in earnings, from \$55m to \$61m, was roughly in line with trading profits, which went up by 10.2 per cent to \$112.6m.

Non-trading profits declined from \$7m to \$4.7m, but this was more than offset by a reduction in interest payments of \$3.8m to \$10.3m Around 77 per cent of the divi Net earnings per share emerged at sion's orders are from the military. \$1.30 against \$1.07 in the first quarand it plays a vital role in equipping ter, following a higher tax charge of

\$45.6m against \$40m. The results underline Heinz's efforts to reduce costs and improve for a mobile SX nuclear missile and margins. Mr Anthony O'Really, president and chief executive, said unit volume in the domestic and try's nuclear submarines were overseas markets went up by approximately 3 per cent, but that ower currency exchange rates used to translate foreign sales this year had reduced the figure by approximately \$35m.

Mr O'Reilly sounded an optimis tic note for the full year, saying that he expected the company to benefit from the improvement in the gen-Although Aerospatiale is going eral economic environment both in ahead at full steam with building the U.S. and overseas.

AT & T in video venture

By Louise Kehoe in San Francisco

AMERICAN Telephone and Telegraph (AT & T), the giant U.S. comond French direct broadcasting satmunications group and Coleco, a Connecticut manufacturer of home ellite for use in the country's proposed satellite TV service in the mid-1980s. French military cuts computers and video games, have announced a joint venture to develing with the Germans a supersonic of the programme to build the Sam- op a nationwide "interactive game ro military obsrvation satellite in and entertainment service" for home computers and video game which Aerospatiale would have

IKB sees switch to longer-term loans

BY JONATHAN CARR IN BONN

longer-term borrowing by its largely industrial customers.

The annual results show a sharp drop in demand for short and medium-term credit, and a slight upturn in the longer-term lending which IKB (often called the "entrepreneurs bank") sees as its main busi-

This reflects the long-awaited fall in interest rates last year and the readiness of clients, from about the autumn, to borrow for 10 years or more to finance new investment. While IKB's total assets rose by

Fluor, which recently won a de-

added to reserves and an unchanged 14 per cent dividend is pro-

More than half of all new credit

change in its debt structure which IKB (Industriekredithank Deutsche only 1.5 per cent to DM 13.1bn Industriebank) boosted profits in (\$4.9bn), the interest surplus surged the 1982-83 year (to March 31) and by 10.5 per cent to DM 174m. Net saw a gradual but welcome trend to profit rose to DM 32.2m from DM longer-term borrowing by its large- 31.9m, a total of DM 12m is being

Customer loans fell by 0.8 per cent, reflecting continuing economic stagnation despite falling interest rates. But while long-term lending rose by 2.5 per cent to DM 8.9bn, short and medium term loans together dropped by more than 25 per

granted was for 10 years or more compared with only 20 per cent in

Pirelli plans major share capital boost

By James Buxton in Rome

PIRELLI SpA, the Milan-based holding company of the Italian cables and tyres group, is to make a substantial increase in its share capital over the next three years.

Nominal capital is to be raised from its current L195bn (\$121m) to L280bn by means of series of rights issues ending in June 1986. So far the only information the company has released is that, subject to shareholders' approval. Some 85.7m new shares with a nominal value of L1,000 each will be issued on a basis of five for every holder of 15 exist-

Pirelli SpA shares currently stand at about L700. If the operation were to go ahead now at a premium of L700 on the nominal share price, it would bring in L146bn in fresh funds.

The company, which has recovered after a very weak period in the 1970s, made net profits of 1.25.6bn faced a series of problems since it in the year to April 30 1982. The reacquired Alexander Howden, a UK | sults for the last fiscal year have not yet been released.

All of these securities having been sold, this announcement appears as a matter of record only.

August, 1983

4,000,000 Shares



Common Stock (\$4.45 par value per share)

Salomon Brothers Inc.

Goldman, Sachs & Co.

Bear, Stearns & Co.

Blyth Eastman Paine Webber Alex. Brown & Sons Donaldson, Lufkin & Jenrette

E. F. Hutton & Company Inc. Lehman Brothers Kuhn Loeb

Wertheim & Co., Inc.

Atlantic Capital

Rotan Mosle Inc.

L. F. Rothschild, Unterberg, Towbin

Smith Barney, Harris Upham & Co.

The First Boston Corporation

Drexel Burnham Lambert Kidder, Peabody & Co.

Merrill Lynch Capital Markets

Lazard Frères & Co. Prudential-Bache

Shearson/American Express Inc. **UBS Securities Inc.**

Cowen & Co.

Cazenove Inc.

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Baring Brothers & Co., Morgan Grenfell & Co.

Banque Bruxelles Lambert S.A. **Buckmaster & Moore**

Pictet International

S. G. Warburg & Co. Ltd.

Norton Simon has last-quarter loss

BY OUR FINANCIAL STAFF

fied consumer products group acquired by Esmark in July, plunged into loss in the fourth quarter of the year to June. The setback left the 12 months total net profit down from \$107.7m to only \$9.7m, after extraordinary items.

of Norton's glass container unit and loss per share for the year of 28 \$26.9m after-tax expenses related to cents, against a \$3.31 profit.

the takeover and other proposals.

The Chicago-based industrial and the takeover and other proposals. Annual sales by the group, which includes Avis and Max Factor, 90 per cent of Norton in a deal valu-

NORTON SIMON, the U.S. diversi- The final-quarter figures were hit slight fall in the fourth quarter. Af-fied consumer products group by a near \$30m net loss on the sale ter preferred dividends there was a

and August 31. It now owns 1 375

Providence Capitol, which was

sold by Gulf and Western to a group

of private investors a year ago, said

it had bought the shares for invest-

Alexander and Alexander has

ment purposes.

insurance broker.

slipped £40m to £2.68bn, with a ing the company close to SIbn

Pierson, Heldring & Pierson N.V.

Interim Statement

8th September, 1983

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend for the year ending 31st December, 1983 of 3p per share on the Ordinary Shares of £1 each (fully paid). This dividend is the same as the interim dividend paid in respect of the year ended 31st December, 1982.

The dividend will be payable on 27th October, 1983 to shareholders whose names appear in the Register of Members of the Company as at 29th September, 1983.

The profits of the Schroder Group for the first six months of 1983 were higher than in the same period of the previous year. Activity throughout the Group was at a high level with most parts of the business benefiting from generally favourable trading conditions.

120, Cheapside, London, EC2V 6DS.

NOTICE TO THE HOLDERS OF

Daiwa Securities Co. Ltd. (Daiwa Shoken Kabushiki Kaisha)

512% CONVERTIBLE BONDS DUE 1996 (THE "1996 BONDS")

512% CONVERTIBLE BONDS

DUE 1998 (THE "1998 BONDS") Pursuant to Condition 5 (Citxii) of the terms and conditions of the abovementioned bonds, notice is hereby given

as follows:

1. On 1st September, 1983 the Company issued 40,000,000 new shares of its Common Stock by way of public offering in Japan at the offering price of Yen 400 new forms.

per share.

2. Accordingly, the conversion prices at which the 1996 Bonds and the 1996 Bonds may be converted into shares of Common Stock of the Company have been adjusted effective as of September 1. 1983, Japan time. The conversion prices in effect prior to such adjustment are Yen 485.90 for the 1996 Bonds and Yen 508 for the 1998 Bonds, and the adjusted conversion prices are Yen 400.9 for the 1996 Bonds and Yen 505.9 for the

> DAIWA SECURITIES CO. LTD. By: The Bank of Tokyo as Principal Paying Agent

Dated: September 9, 1983

Standard Chartered Finance B.V.

US\$75,000,000

Guaranteed Floating Rate Notes 1990 Guaranteed on a subordinated basis as to payment of principal,



Standard Chartered Bank PLC

In accordance with the provisions of the Notes, notice is hereby given that for the sa months period (182 days) from 9th September, 1983 to 9th March, 1984 the Notes will carry interest at the rate of 10134s per cent, per annum. The interest payment date will be 9th March, 1984. Payment which will amount to US \$273.32 per US \$5,000 Note, will be made against surrender of Coupon No.8.



J. Henry Schroder Wagg & Co. Limited Agent Bank

Daiwa lifts **Japanese** profits forecast

DAIWA SECURITIES, the Japanese broker, is forecasting a 46.8 per cent increase in Japanese corporate pre-tax profits in the October to March second half of fiscal 1983 compared with the current sixmonth period.

This was an upward revision from a 32.8 per cent rise forecast in June. The projection is based on a survey covering 378 companies listed on the Tokyo stock exchange.

Sales are seen as increasing by 5.4 per cent following a recovery in demand at home and oroad. Daiwa has revised downward its pre-tax profit forecast for the companies surveyed for the six

months to September 30, to a fall of 15.3 per cent from the previous half year. JVC more buoyant

VICTOR COMPANY of Japan (JVC) has revised upwards its pre-tax profit forecast for the year ending next March 31 to Y39bn (\$159m) compared with Y40.2bn last year. Sales this year are expected to exceed the Y520bn 1982 figure.

MHI sees big gain Mitsubishi Heavy Industries

expects pre-tax profits for the year ending next March 31 to rise sharply from the Y24.48bn achieved in the previous year because of improved business in its shipbuilding division. Brokers add that they expect profits to be nearly Y50bn.

Maruzen land sale MARUZEN OIL is to 300,000 square metres of land this month, part of the 1.07m refinery in Sakai City is located to settle some of its Y49.3bn (\$201m) debts. Debts remaining after the sale are expected

to be paid by sales of equities and land. The company expects to retain its listing on the Tokyo stock exchange. Nissan Motor scrip NISSAN MOTOR will make a one-for-10 scrip issue on Novem ber 15 for shareholders regis

tered on September 30, 1983, to celebrate its 50th anniversary. The number of issued shares will be increased to 1,88bn from the current 1.709bn Daishinpa issue

Daishinpa, a leading consumer financing firm, will make a one-for-ten scrip issue on November 21 for shareholders registered on September 20. This will increase the number of issued shares to 31.39m worth Y1.57bn from the present 28.54m worth Y1.43bn.

Wong Sulong on the reorganisation of a Malaysian Chinese group

MPH puts profits before politics

MPH performance (m ringgit)

MULTI-PURPOSE Holdings (MPH). the Malaysian-Chinese conglomerate is in the final stage of a major rationalisation programme, began a year ago, in which it hopes to steer away from the political and business controversies that had dogged the group since its formation

These controversies had cost the group and its 38,000 shareholders dearly in terms of lost opportunities and revenues. MPH shares are regarded by the market as "dead." While the Kuala Lumpur stock exchange industrial index has risen by a good 50 per cent since the start of the year, MPH shares have, since quotation in January 1982, been sliding down from its opening of 4.9 ringgit to settle around 2.3 ringgit. "It's so easy to knock MPH"

"Whenever we announce a major deal, there will always be someone who will try and foul it up by spreading rumours or injecting political issues." Since 1977, when it began with 30m ringgit (U.S.\$12.8m) in subscriptions from the Chinese community MPH has

grown into a sprawling giant with a paid-up capital of 450m ringgit and net assets exceeding 1.5bn ringgit.

Its success has spawned distrust among the Malays, envy among the Indians and emula-

tion among numerous Chinese Now, Malaysia's 1.3m Indians are forming a similar organisa-tion, called Maika Holdings. aimed at raising their stake in

from the present 1 per cent to

1979 1978 1,035 771 210 450 380 Share capital 12.8 After tax profit

the Malaysian Government, as Estates current market capital the answer to the plethora of isation exceeds 500m ringgit. government agencies set up to help the politically dominant Malays to compete with the Chinese in business. Hence its acquisitions of such

businesses as Dunlop Estates. Guthrie Berhad and United Malayan Banking Corporation, caused considerable anguish among the Malays, who fear it is getting too big.

The latest rationalisation in MPH involves the split up of Guthrie Berhad into a Singapore-based company, called Mulpha Singapore, and a Malaysian entity, called Mulpha International Trading Corporation national Trading Corporation. Guthrie Berhad was nurchased from Guthrie Corpora-tion of UK (itself taken over

by a Malay group in September 1981) for 110m ringgit. With the split, MPH has emerged as an investment hold-ing company with four major subsidiaries in four strategic areas of the Malaysian economy,

 Plantations under Dunlop Estates, which was purchased from Dunlop UK in October 1981 for 211m ringgit. Dunlop's

leadership. It was sponsored by the Malaysian Chinese Association, the Chinese partner in the Malaysian Government, as Estates current market capital-

 Property under Bandar Raya Developments a well-established developer of high class residential homes and apartments.
The company has a large landbank of 500 hectares in Kuala
Lumpur, Malacca and Johore, already approved for housing and commerce. It has a 70 per cent stake in a company which owns 15 acres in the business district of the Malaysian capidistrict of the Malaysian capital. The company wants to develop it into high rise office blocks, at the cost of around lbn ringgit, but approval has

three years. The ostensible reason for it is that the site contains an old hotel which the authorities want to preserve, but MPH feels that this is being used as a bargaining ploy to get a greater Malay participation in the development of the site.

Market capitalisation of Bandar Raya is around 800m ringgit.

been delayed for more than

Magnum Corporation. Apart from operating a highly lucra-tive lottery, Magnum is to take-over 40.68 per cent of United 7 per cent (reflecting the community's racial composition) by from 23,600 hectares to 38,000 from MPH for 251m ringgit. The controversy over MPH with other MPH's plantations. Issue of 100.4m Magnum recovery arises from its origins and MPH intends to build Dunlop shares, valued at 2.5 ringgit economy.

Magnum will be 64 per cent owned by MPH. Magnum will make a rights issue to raise 2 further 45m ringgit for expansion. UMBC is Malaysia's third largest bank with 55 branches.

Trade and manufacturing under the newly formed Mulpha International Trading Corporation (MITC): MPH is increasing the capital base of MITC and hence to develop it into a hopes to develop it into a "Sogo-Shosha," a giant trading "Sogo-Snosna," a grant caunage corporation, modelled on Japan's trading houses, which is actively promoted by Dr Mahathir, the Malaysian Prime Minister, as part of his "look east" policy.

There are also plans for MITC

There are also plans for mito to go into shipping in a big way. It has taken a 25 per cent stake in Promptship, a Hong Kong-based, Liberian-registered ship-ping line for \$12m, with an option to increase this to 75 per cent. Promptship has 30 ships. cent. Promptship has 30 Ships.

"With our rationalisation, almost complete, future expansion will not be undertaken by MPH, but by our respective subsidiaries," says Mr Tan Koon Swan, who recently moved up from managing director to execute the substantian of the prompts of the same statements." cutive chairman of the parent.
Mr Tan, a prominent mem-ber of Parliament and an en-

trepreneur in his own right (he controls the Supreme group of companies) feels the four areas in which MPH's subsidiaries are involved offer growth scope for expansion and profit without stirring controversy.
For MPH shareholders, who

Banking and Finance under have not been paid a single lagnum Corporation. Apart dividend in seven years, Mr Tan says that their shares are grossly underrated by the market, considering the solid asset backing. He is confident they will be amply rewarded if they are patient to wait for a recovery in the Malaysian economy.

Mitsubishi 'Capsule' sparks high yield war

JAPANESE financial institutions such as the city, regional and trust banks, the credit associations and the securities houses have nearly all launched new high yield accounts—which combine long-term government bonds with term deposits—this patterned after the American month. The general move has been prompted by the success of the creation of the "Money Finance's policy of putting banks Capsule" high yield account by Mitsubishi Bank on August 15. The new financial instruments were originally conceived by city banks, as an attempt to rollback the securities houses which have been attracting investors with their high yield products such as the medium-term government bond trust funds. These have soaked up both the

summer and winter bonuses of small investors.

a tacit agreement among banks not to introduce high-yield

Finance's policy of putting banks and securities houses on an equal footing, as far as sales of financial instruments combined with the government bonds is concerned, has enabled the brokers to make loans against the collateral of government bonds from this June. This was in return for banks getting per-mission to handle over-thecounter sales of long-term

For some time there has been Mitsubishi Bank's application to to carn compound interest. the MoF to start sales of a new high-yield time deposit linked

> Under the system worked out per cent.
>
> The City banks are taxing by city and regional banks, the ratio of government bonds and

City banks, however, are being challenged by the trust instruments as this would give with 10-year government bonds the securities houses the pretext from August brought about a their marketing of the higher to launch in return a national considerable re-thinking among bond comprehensive account the city banks. Vehement of their existing high yielding opposition by other city banks money trust accounts and the to the Mitsubishi move delayed newly issued 10-year governministry approval for 15 days ment bonds. The trust banks' while differences among the new scheme will have an leading banks were sorted out. average annual yield of 10.92

by city and regional banks, the ratio of government bonds and time deposits are generally set at 60 per cent to 40 per cent, or 70 per cent to 30 per cent. Such accounts are denominated in units of Y500,000.

Helf worstly interest country ounter sales of long-term Half-yearly interest earnings part the securities houses have accruing from the bond are to decided to stick to one name. Under such circumstances, be added to the time deposits the "High Pack."

flawless con

production

by within,

Notice to holders of Ordinary shares in N.V. Beleggingsmaatschappij Wereldhave and to holders of 7% Debentures 1978 of N.V. Wereldhave International convertible into Ordinary shares of

N.V. Beleggingssmaatschappij Wereldhave 1982-1985 Copies of the English translations of the offer documents relating to the offers for your Ordinary share and convertible debentures made by Stichting Pensioenfonds voor de Gezmatheid. Geestelijke en Maatschappelijke Belangen (PGGM) and N.V. Pensioenverzekeringsmaatschappij DSM (PVM) are now available from:

Hill Samuel Registrars Limited. 6 Greencoat Place, London SW1P 1PL

Also available are English translations of a report drawn up by an independent expert which comments on the offers as well as the possible merger of N.V. Beleggingsmaatschappij Wereldhave and Bogamij N.V.

Acceptances of the offers must be received, in accordance with the instructions contained in the offer documents, by: 3 p.m. on Monday, 26th September, 1983

This offer is not subject to United Kingdom legislation or to the provisions of The City Code on Take-overs and Mergers,

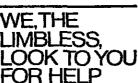


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We come from both world wars. We come from Korea, Kenya, Malaya, Aden, Cyprus. .. and from Ulster. helping our Association. BLESMA looks after the

re they can live in peace and dignity. Help the disabled by helping Donaltons and information: Major The Earl of Ancaster, KCVO, TD, Midland Bank Ltd., Dopartment FT, 60 West Smithfield, London EC1A 9DX BLESMA. We promise you that not one penny of your donation will be wasted.

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NOTICE OF INTERIM DIVIDEND

The Executive Board announces, that with the approval of the Supervisory Board, an interim dividend of Dffs. 4.25 per Dffs. 20.00 ordinary share will be paid for the financial year 1983.

For shareholders and holders of Bearer Depositary Receipts (BDRs) of ordinary shares, coupon number 41 of their securities will be payable at the head offices of the following banks with effect from 3rd October 1983. Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V. Nederlandsche Middenstandsbank N.V. Pierson, Heldring & Pierson N.V. Bank Mees & Hope N.V. Nederlandse Credietbank N.V. Credit Lyonnais Bank Nederland N.V. Bank Van der Hoop Offers N.V. at Amsterdam, The Hague and Rotterdam. For each Dfls. 20.00 ordinary share or BDR the interim dividend of Dfls. 4.25 will be payable on the

above-mentioned coupon, less 25% dividend tax. Copies of the report for the first six months of 1983, published on the 1st September 1983, are available at the offices of the above-mentioned banks

and the undersigned.

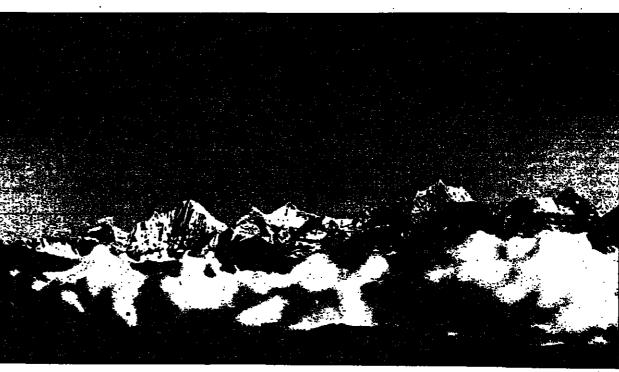
2nd September 1983. Churchillplein 1, ENNIA nv, Executive Board.

The Hague,

Amsterdam, 2nd September 1983. N.Z. Voorburgwal 326-328, N.V. Administratiekantoor Christiaan Huygens.



Balanced growth internationally



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In a remarkably short time Ennia has climbed up among the leaders in Dutch insurance.

We don't intend to just sit and admire the view. Sustained and balanced growth on an international basis has always been our objective. It remains so for the future.

International business already accounts for about 38% of total turnover, and at the end of 1981 we took another major step overseas by acquiring The National Old Line Insurance Company of Little Rock, Arkansas, to spearhead our expansion in the USA. The acquisition of well-managed, profitable companies in

carefully selected markets is an important part of our international expansion programme. We are also pursuing a policy of acquiring minority interests in profitable companies, such as Extendicare, the holding company of Crown Life Insurance, Toronto, in which we bought a 20% interest last year.

In addition to our growing presence in North America, we have offices, subsidianes and affiliates in Europe, the Middle East, the Caribbean and South East Asia. The Ennia Group operates in three main areas: life assurance (57%), general and re-insurance (35%), and related sectors such as mortgages, property development and holiday centres (8%).

If you are interested in a soundly-based international company with a clear view of where it's going, you should know. more about Ennia. Post the coupon and we'd be delighted to help.

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	Insurance Group	
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entire product concepts.

Away from the glare of inter-

NEVER HAS Sony, that exceptionally innovative of Japanese companies, been in greater need of money-spinning new products. Worldwide recession and cut-

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throat competition in its prime TV and video recorder markets have depressed its sales and slashed its earnings: if it had not been for the continued success of its four-year-old "Walkman" cassette player, convergence in the four-Sony's profits plunge in the first baif of 1983 would have been even steeper than the ignominious 66 per cent it revealed in the summer.

Recovery to its customary "star" status clearly requires a whole raft of new successes. Yet several of the company's innovative projects are not doing well. It much-hyped "Mavica" camera is in the technical dol-drums, and a number of office products are taking off dis-appointingly slowly.

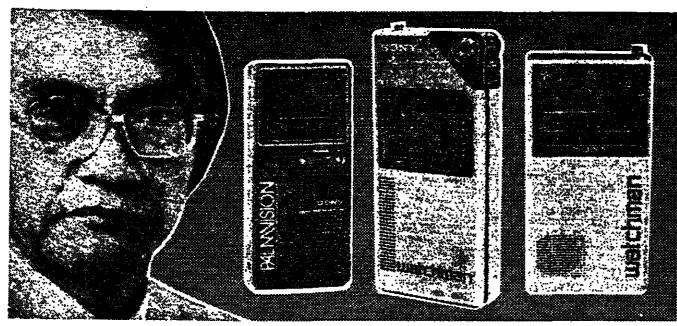
Enter Yasuo Kuroki, indus-trial designer. While Sony's development engineers were doing their bit over the last few years, by perfecting the technological wizardry of compact digital discs, video cameras, and floppy disk systems, Kuroki's 130-strong design team was injecting a rather different approach—what he calls "software thinking"-in order to come up with adventurous ideas about future social behaviour, and some appropriate new products.

Over the last three years, Kuroki has spawned two winners: the opulent "Profeel" component TV, in which the screen, receiver, tuner and speakers are split up from each other, and the flat screen "Watchman" portable; the latter will prove the prime competitor with the "pocket" TV which will be launched a

TV which will be launched a week today by Britain's Sinclair Research.

Since the launch of the "Watchman" in Japan early last year, Kuroki's team has gone on to design a tiny security camera that sees in the dark. camera that sees in the dark. So, with several other stillsecret products in the pipeline, servet products in the pipeline, Sony's designers are fast becoming a rich fountain of innovation for the company to set alongside its traditional sources: the technology-driven work of its various development laboratories and the following the following the server of the company's top half-dozen executives. With laboratories, and the fabled marketing flair of the company's co-founder and chairman, Akio Morita.

To judge from some of Morita's public utterances, one might think he still saw design in conventional terms. merely styling plus a bit of



Why Sony has given new impetus to design

BY CHRISTOPHER LORENZ

ing that Kuroki's group is now with Sony's engineers. In other also responsible for developing Japanese consumer electronics companies, "design tends to be very heavily dominated by the technical divisions," claims

Kuroki. So it was at Sony until five years ago. In 1978 the company's designers were all still very much "part of the factory," Kuroki puts it. They worked out in the audio, TV, and profesmore significant in a culture sional equipment divisions, under the thumb of engineers, where direct reporting lines salesmen and short-term minded the only one who receives product planners.
monthly visits from a delegation But in June

monthly visits from a delegation consisting of Morita, Ohga and the rest of the company's top half-dozen executives. With assiduous regularity, they troop down to Kuroki's office to divisionalised. To head it, Morita inspect the designers' latest the top of the company's the company's compa ideas.

Though some of Kuroki's projects—notably the Profeel—
have had to be fought through against the opposition of other

Though some of Kuroki's projects—notably the Profeel—
in the divisions, but an became the company's earth was the need to cope with duced products, paying little the growing convergence of the previously distinct worlds of culture and lifestyle. We must change." against the opposition of other in the divisions, but all became departments, especially produc-

with Sony's engineers. In other design staff was increased by a little mutual criticism," as products), the ability to anticigood half, to over 100; the current total is 130, of whom 70 are design professionals, 20 of them working with Kuroki in Sony's Tokyo headquarters. In truly inscrutable Japanese

style, Kuroki says there was "no specific reason" for this centralisation: "Mr Morita simply said 'Try it'." Part of his motivation does indeed seem to have been the

time-honoured western prin-ciple that managment structures ossify if they remain settled for too long. But there were also more substantial reasons for elevating the influence and status of designers by pulling them together under a senior executive.

there was virtually no cross- in a company with parti-fertilisation between designers cularly little faith in market does not, as many outsiders

Kuroki puts it. Now there is intense interaction, with three tiers of formal weekly meetdriven innovation. Sony's "feel" for how to mould the consumer has always been a key factor in its commercial ings involving the entire staff. and all sorts of informal communication as well.

More conceptually, Morita was beginning to be aware of the need for Sony to develop a greater depth of understand-ing of social attitudes and behaviour, in order to develop the "software" aspects of its products. Kuroki's use of the term has little to do with the narrow world of computer soft-ware. Instead, borrowing his terminology from J. K. Gal-braith (one of the many western influences on him and Morità), he explains that "up

ergonomics.

tion, his designers now have the ment.

in different parts of the com-research (many people in Sony have assumed, refer to "pro-re-design.

But he usually corrects him-self with alacrity, emphasis-argue, on a fairly equal basis tion, the overall complement of meetings and "there was very than a help, in developing new this would be far too restrictive. to do this without cutting corprise.

its tiny 2-inch flat screen, has been snapped up by hundreds of thousands of eager Japanese and Americans since its launch last year. Now Europe is following It is the company's indus-

trial designers under Yasuo Kuroki (left) who can take credit for creating this handy little item, and with it a business whose retail sales are now worth over \$50m a year. Yet the fully engineered product now on sale in Europe (the version in the centre of the illustration) bears little relation to the designers' early concept (on the left), whether in shape, size or cost. Technical con-siderations—especially the limits of Sony's tube design and the need for four rather than just two batteries— made it thicker (at 11 in) and altogether much larger, forcing the company to price it about 50 per cent above the designers' target.

But the speed of develop-ment was impressive. Sony's engineers, in common with those of Britain's Sir Clive Sinclair and the massed bands of the Japanese electronics industry, had been working for years on the difficult technology of flat cathode ray TV tubes. So when in mid-1979 Yasuo Kuroki went to his engineering counterpart in Sony's development depart-ment with the idea of making

pate and exploit charging social behaviour is a crucial complement to technology-

success, from the transistor radio in the 1950s, through

small black and white TVs in the 1960s, to VCBs and the Walkman in the 1970s, and

now in the 1980s to Kuroki's

two very different sorts of TVs, the Profeel and the Watchman.

This knack, in which market research can at best play a sub-

sidiary role, will take on even

greater competitive significance

It was to underline top management's changing view of design that the English title of

Kuroki's department was chan-ged, within six months of its

creation in 1978, from "Design Division." The utterly confus-

in the future.

IN ITS various versions, Sony's "Watchman" TV, with Morita v. Sinclair

a small, hand-held TV rather than the bigger screen set at which everyone had been aiming (and still is), the engineers were quick to respond.

The designers' original idea was for a highly specialised product, directed particularly at professional

use—especially by TV pro-gramme makers, both in the studio and on outside broad-casts. Encouraged by chair-man Akio Morita, they raised their sights to various other specialised market segments. including people watching sports events. But no one foresaw the current level of demand,

which is outrunning the production capacity of 200,000 sets a year. The Watchman is no longer seen by everyone within Sony as "just a gadget," as Morita described it last year—an attitude which initially discouraged the company from investing much in production equip-ment or the streamlining and cost-reduction of the set's circuitry and components, and which allowed competitors like Sinciair to describe it as " jerry-built."

This investment has now been made, with the result that the Mark II version of the Watchman-not yet on

means

sale in Europe, but shown on the right—is a much better product, in every sense. The tube has been redesigned so as to reduce battery consump tion and make it cheaper to produce. This, together with the improved circuitry, has allowed Sony to make the set about 25 per cent lighter than the Mark I. a quarter of an inch narrower (down from 3} inches) and 1‡ inches shorter (down from almost eight inches). Though still well an inch thick to accommodate the batteries, the set is altogether more comfort-able to hold and use than its predecessor.
"Watchman II" goes on

"Watchman II" goes on the U.S. market next month at about \$200, more than a third less than the price of the original version. Not only will this bring the price into line with the designer's initial target, but it will narrow the goes with Sizellar for more gap with Sinciair's far more revolutionary but much cheaper "pocket" TV. After a good year's delay, this will be launched next week on the UK market, where it will be priced at about £80 (\$120) even though at 15 hours its specially-designed tube and power cell will provide about four times the hetters. He four times the battery life.
Though Sinclair's technological lead and pricing strategy should really open up the market for they TVs. it will be difficult to dislodge Sony from the entrenched position it has already won through fleetness of foot and

the flair of its design. ners. Arch competitors of the Watchman, such as Sir Clive Sinclair, have attacked the com-Instead, says Kuroki with a vague sweep of his hand, it "product presentation, d, promotion — all proposal,

The article on the above explains how Sony's designers, in their powerful new role, conceived the Watchman, and steered it through the always tricky processes of development and production. Though Kuroki is not a

believer in the common western practice of creating multi-department "project teams" to surmount all the inter-departmental hurdles which tend to bedevil the development process, he does admit that even as entrepreneurial - yet -consensus - minded a company as Sony is not free of such barriers. So he is thinking of inventing a small group of product "merchandisers" to track projects right through

from early planning into production, marketing and on into

pany for launching it last year with unwieldy and expensive componentry so that it had to be redesigned within 15 months to reduce the cost of manufacture, and to trim its somewhat inelegant size.

Kuroki concedes that pro duction engineers were not involved in the early stages of the Watchman's design, though development engineers cer-tainly were. But rather than seeing the quick-fire re-vamping of the Watchman as a reflection of inadequate initial design, as sinckair would claim, it is equally possible to argue that Kuroki and his team scored an essential success by getting their product into the market first. Not only is Sony now further than Sinciair down the socalled "experience curve" of lowcost, mass manufacture, but it has been able, as so often in its history, to create an innovative re-design.

It will be a major challenge it can command a premium

hunderous



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Sedgwick lifts interim as profits advance 21%

Mr Neil Mills, chairman, of Sedgwick Group—insurance and reinsurance brokers—describes profits as "solid growth."

He declines to forecast the year's outcome, but says that the group's international strength will provide the basis for "conwill provide the basis for "continued growth and strength."

Revenue in the six months to June 30 1983 improved by 19 per cent from £108.8m to £129.3m, and, despite a £12.3m increase in expenses to £51m, profits at the pre-tax level increased to £48.3m against £40.1m. The interim payout is standed. The interim payout is stepped up by 0.25p to 2.75p.

up by 0.25p to 2.75p.

Overseas earnings have continued to be affected by exchange insurance companies have been rate movements, and he esti-

excluded. The directors say that, in view of the nature or the businesses, the results for the six months would be misleading and would not be material to the group as a whole.

whole.

Mr Mills says that trading conditions are still difficult but nonetheless the group's business worldwide has continued to expand. He adds that the performance of the insurance and reinsurance of the insurance and reinsurance operations in the UK has been particularly commendable. Also the retail insurance interests in Canada and South Africa. South Africa also reported significantly increased profits.

mates that the taxable surplus might have been £6.5m lower had the rates remained at the parable period. Strong growth in brokerage

income more than compensated for the lower interest earnings. The tax rate is up from 49 per cent to 51 per cent, as a consequence of the larger proportion of UK profits in the overall result, and absorbs £24.6m against £19.8m. After minorities of £300,000 (£100,000) earnings for the period were £23.4m (£20.2m), equal to 10.8p (9.4p) (£20.2m), equal ...
per share.
The retained surplus was up £3.2m af £20.2m after deducting dividends of £6m (£5.4m).
See Lex

Ultramar \$350m credit facility

BY CHARLES BATCHELOR

production and marketing group, has agreed a \$350m 10-year revolving credit facility which may be used to fund a further expansion of its reserves. Mr Howard Pearl, finance co-ordinator of Ultramar said: "We are on record as wanting

to get more production in the North Sea and elsewhere. We have been looking at certain things."

Ultramar will be considering whether to bid for any of the Forties Field stakes which British Petroleum plans to put up for sale, but the credit facility was arranged several weeks ago before BP's plans were

"The credit facility is new money and will not be replacing

Ultramar, the UK oil and gas production and marketing group, has agreed a \$350m 10-year revolving credit facility which a term credit facility."

Said Mr Pearl. "It will be interests in the U.S. and the UK."

Other syndicate members are: Bank of Montreal, The Bank of

The facility is denominated in U.S. dollars but may be taken up in sterling, U.S. or Canadian dollars. It carries a rate of interest slightly above either Libor, U.S. prime rate or the certificate of deposit rate.

The credit agreement between Ultramar America Limited, a wholly-owned group subsidiary, and a syndicate of banks led by Bank of America.

Announcing the agreement, Ultramar said the funds would be available to Ultramar America and other designated group subsidiaries "for general corporate tion and marketing company, purposes and particularly for development of the group's since acquired Pittston and and other designated group and marketing company, from Pittston Company, a Condevelopment of the group's

UK."
Other syndicate members are:
Bank of Montreal, The Bank of
New York, Continental Illinois
National Bank, Marine Midland
Bank, National Westminster
Bank, The Bank of Tokyo Trust
Company, Chemical Bank,
Crocker National Bank, InterFirst Bank Dallas, Irving Trust
Company, Lloyds Bank International, Security Pacific national, Security Pacific National Bank, Standard Chartered Bank and Union

In February 1983 Ultramar carried out a one-for-four rights issue to raise £105m and has

Prudential Corporation

Interim Results

Profits and Dividend

The estimated total profit after tax for the first half of 1983 was £8.3m higher at £28.3m. Profits from long-term business and the investment income on shareholders' funds were both higher. There was a reduced trading loss on general insurance business, principally due to a continuation into 1983 of the favourable experience in Canada in the second half of 1982, some recovery from the weather-affected results in the UK, and an increase in investment income. The general insurance underwriting results from Mercantile & General, the group's specialist reinsurer, continue to be unsatisfactory

The Directors have declared an interim dividend of 5.5p per share (1982 5.0p) payable on 17 November to shareholders on the Register at close of business on 20 October.

Unaudited Estimated Results		Half year end	Year	
		1983		1982
		Estimated	Estimated	Actual
		£m	£m	£m
Long-Term	Premium income	762.4	692.6	1,380.1
Business:	Surplus attributable to shareholde	rs 25.6	23.7	50.4
General	Premiums written	356.7	309.1	606.5
Insurance	Underwriting result	(37.3)	(42.1)	(67.6)
Business:	Investment income	33.3	27.9	60.3
	Trading profit (loss) before tax	(4.0)	(14.2)	(7.3)
	Taxation credit	1.3	6.2	3.6
	Profit (loss) after tax	(2.7)	(8.0)	(3.7)
Shareholders'	Investment income	10.2	8.6	17.6
Other	Miscellaneous net income	0.4	0.1	0.3
Income:	Expenses	(1.2)		(1.9)
	Taxation	(4.0)	(3.3)	(7.1)
	Other income after tax	5.4	4.3	8.9
Summary of	Long-Term business	25.6	23.7	50.4
Results:	General insurance business	(2.7)		(3.7)
	Shareholders' other income	5.4	4.3	8.9
	Total profit after tax	28.3	20.0	55.6
	Earnings per share	9.5p	6.7p	18.6p

1 The half year results should not be taken as a guide to the likely results for the year as a whole. 2 The results for the half year ended 30 June 1982 are translated mainly at end 1982 exchange rates, and have been restated on the basis adopted for the 1982 Accounts.

The total surplus from long-term business attributable to shareholders was 8% higher at £25 6m. This result reflects further progress at Prudential Assurance but a reduction at Mercantile & General in the absence of the non-recurrent element in last year's results.

General Insurance Business

Half year ended 30 June Premiums Underwriting Investment Trading profit 1983 1982 1983 1982 1983 1982 1982 £m 124.8 110.7 (14.8) (16.9) 10.9 9.3 (3.9) (7.6) 47.6 44.3 6.4 (1.5) 3.8 3.3 10.2 1.8 22.9 23.0 (4.1) (3.8) 3.1 2.5 (1.0) (1.3) UK Canada (3.7) (1.1) (1.6) Other Countries 6.0 (2.1)(0.5)127.2 103.0 (19.3) (15.7) 11.9 9.5 (7.4) (6.2) Mercantile & General 356.7 309.1 (37.3) (42.1) 33.3 27.9 (4.0) (14.2)

In the United Kingdom the underwriting loss on domestic property was lower at £4.9m (1982 £8.4m including over £7m from the bad weather). Motor premium rates were reduced in February and as expected the underwriting loss was higher at £5.1m (1982 £3.5m). The results include exceptional costs of over £3m arising from the previously announced general insurance business reorganisation in the UK, and further such costs will retice in the precent built. will arise in the second half.

In Canada, following the marked improvement in the results in the second half of 1982. there was a trading profit of £10.2m, but intense competition for business has led to reductions in premium rates which will inevitably affect profitability in the second half. At Mercantile & General, underwriting results continue to give cause for concern, particularly in the proportional and marine accounts. The benefit to be expected from the more selective approach to underwriting will not appear in reported results for some time.

Investment income

Investment income on general insurance and shareholders' funds combined increased by



Prudential Corporation plc., 142 Holborn Bars, London EC1N 2NH.

ahead to £13.41m at midterm

ON LOWER turnover of £252.02m, compared with £259.27m, taxable profits of electrical equipment, fluid controls, metals and resource services concern Delta Group advanced from £5.51m to £13.41m, in the first half of 1983.

This follows a turnround from losses of £710.000 to profits of £5.82m by the fluid controls division. Electrical equipment profits

sion. Electrical equipment profits slipped from £8.66m to £6.84m and resource services from £3.63m to £2.77m, while metals moved ahead from £1.23m to moved ahead from £1.23m to £3.77m. Corporate finance losses were cut from £7.3m to £5.79m. The directors say the marked improvement by the fluid controls activities was helped by the benefits of rationalisation and some improvement in volume, while the electrical equipment profits were lower due to pressure on margins.

Demand for metals was generally depressed and resources services were affected by the recession in Australia and

the recession in Australia and

the recession in Australia and Africa.
Including metal stock profits of £4.16m, compared with losses of £2.04m, trading profits advanced from £10.59m to £16.36m after depreciation of £7m (£6.24m) and rationalisation and redundancy costs of £1.86m (£1.8m).

Tax took £6.34m (£1.8m) and after minorities of £1.86m on £1.86m of £1.86m on £

after minorities of £160,000 (£90,000) earnings per 25p share are given as 4.5p (0.4p). The interim dividend is being maintained at 1.82p Last year a total

of 3.4p was paid.

Since the halfway stage, the directors say that in the U.K., the improvement in demand for electrical equipment and fluid control. trois, has been maintained though metals demand remains uneven and generally low.

The pressure on magins in some areas has eased although conditions remain very competitive. Overseas there is little sign as yet of any improvement in the Australian and African econo-

comment

Delta has recently become a highly regarded recovery stock, and these figures, together with the implicit restoration of the dividend, have not given cause to rethink that opinion. An overall reduction in turnover illustrates both the extent of Delta's rationalisation programme, and the difficulty of shifting prices. With the partial exception of the fluid controls business sustained recovery in business sustained recovery in demand is not yet imminent. It may look odd that the metal stock profit of over £4m is taken above the line whereas last time above the line whereas last time around a loss of £2m was taken below stairs. But the company insists the change is simply a falling into line with the terms of the last Companies Act. The reduction in interest charges owes more to rates than a cut in the absolute level of borrowings, and capital gearing is still around 50 per cent. If Delta's He adds that every group company showed better results over the year and that with trading barrier a rights issue might well | the year and that with trading share come onto the agenda. And if conditions showing the appear-the cable business picks up then ance of improving slowly, he is an adventurous possibility would confident about the future.
be to float off the electricals The group was a distrib

Delta moves | Hepworth Ceramic advances £2.94m reflected directly in group U.S. would climinate losses over profits. IN HIS interim report covering f3.54m previously—a final of reflected the six months to end-June 1983 3.35p was paid for 1982 from profits. Mr Peter Goodall, the chairman of taxable profits of £24.61m. Third negworth Ceramic Holdings, In his report, Mr Goodall group.

reveals that profits at the pre-tax level advanced by almost 25 per cent over the period and that he expects the improvement to con-

to £167.9m, trading profits pushed ahead from £13.94m to £16.4m and after taking in a £300,000 lower contribution from the associates at £41,000 and deducting interest costs of £1.32m, compared with £1.49m, pre-tax figures came through £2.94m higher at £15.04m.

In his report. Mr Goodall points out that the improvement in profitability—the group manufactures virified clay, plastic pipes and refractory products—arose under three main heads.

Firstly, he says, there was on upturn in private house building which had a direct effect on some 20 per cent of group turn-

Secondly, he chairman reveals that the long drawn-out erosion of group's turnover in real terms, First half earnings increased by 1.1p to 5.1p per 25p share and the net interim dividend is being stepped up from 2.25p to 2.5p, absorbing £3.93m, against of troup's turnover was concerned, came to a halt with the result that the directors' continuing drive for efficiencies was. on a more or less stable turnover,

Thirdly, he comments that the

group is trading profitably in the U.S., which represents a "very considerable" turnround from its performance there last Mr Goodall says he expects

Tax for the first six months accounted for £7.09m, against 15.87m, to leave attributable profits at £7.95m, compared with £6.24m. Depreciation was little changed at £6.23m (£6.3m).

In a report last April, the chair-man said ne believed that there was some sign of an upturn in UK business and that he was hopeful that steps taken in the

rosts of £408,000. Tax took £322,000 (£300,000)

leaving attributable profits of £712,000 (losses £576,000).

about 90 per cent of turnover coming from the motor industry, and only 10 per cent from aircraft. Last year's drastic reorganisation costing £5m has

helped improve efficiency and AP shows a welcome return to profits

after the dismal £14m loss at the

end of 1982. But its position is still fragile as seen in the loss from the recession hit Australian subsidiary. There is no doubt that in the UK August was a

bumper month for car sales and the directors expect that the

"somewhat higher level of demand should be sustained." If

the order book keeps at these

levels then a pre-tax profit of 23m should be achieved. Borrowings which reached an uncomfortably high ratio of 63 per cent of shareholders' funds

at the year end are edging down-wards. But there is still a lot of

work to be done and shareholders

the improvement to continue and, as the economy picks up. "to gather momentum."

He added that America had, in 1982, proved to be a very dis-appointing operation and instead of offsetting recessionary conditions in the UK and Europe, had greatly added to difficulties and actually needed support from the UK.

The report cancluded that if turnover increased in real terms at the same time as the directors' policy of pursuing more profit out of less turnover the result would be dramatic.

It was announced in March this year that the group intended to make an offer to acquire Steetler but following a reterral to the Monopolies Commission,

The downturn in pre-tax profits

The total dividend is effectively

The total dividend is effectively raised from an adjusted £1.7359p to 2.0233p with a final of 1.3638p (1.1365p adjusted). There were waivers on the final dividend of £60.679 (£56.770). Stated earnings per 25p share fell from 7.9p to 6p.

Mr C. Dugan-Chapman, the chairman says the first four

chairman. says the first four months of the current year show an improvement in turnover of

For the six months to March
31, 1983 pre-tax profits of H.
Woodward and Son, commercial
vehicle distributor and bodybuilder, car dealer and civil
engineering contractor, improved
from £30,289 to £32,683 from
turnover £0.43m ahead at £6.52m.
The net interim dividend is

AND HEA

games of

H. Woodward

Stewart

Plastics dips

to £2.56m

Automotive back in black midway

THE first half of 1983 vehicle and aircraft equipment manufacturer. Automotive Products turned round from taxable losses of £276,000 to profits of £1.03m. For the whole of the 1982 year losses totalled £14.11m.

With against the product of the 1982 year losses totalled £14.11m.

For the whole of the 1982 year losses totalled £14.11m. With earnings per 25p share given as 0.52p (losses 1.76p) on a net basis and 0.73p (losses 1.55p) on a nil distribution basis the interim dividend is being maintained at 0.5p. In 1982 the final payout was passed.

The directors say that demand increased for the group's pro-

increased for the group's products in both the original equipment and replacement parts markets. Nevertheless, this demand was not uniform across the group, and in particular the deepening recession in Australia adversely affected the Australian associated company and the

at the higher level seen in the second quarter." second quarter.

Sales advanced by 5 per cent from £105.88m to £110.8m—the major part of the increase arising from the UK divisions in both home and export markets. Additionally, an upward trend in sales by overseas subsidiaries was maintained.

The products made by the group include hydraulic braking systems, clutches and automatic transmissions, water pumps and hydraulic equipment for aircraft, marine and general purposes.

Comment

The motor components sector is an unhappy one, buffeted about by the vacillating fortunes of the automotive industry. Automotive Products is no exception with about 90 per cent of turnover coming from the motor industry, and only 10 per cent from aircraft. The downturn in pre-tax profits were fixed with £1.3m — continued into the second half and the figures were down from £1.4m to £1.27m.

For the year to April 30 1983 pre-tax profits were £2.56m compared with £2.93m. Turnover, being the amount receivable for goods sold net of VAT, was down from £9.02m to £8.77m.

The pre-tax figure included interest receivable of £635.956 against £644.978. After tax up from £1.13m to £1.21m, attributable profits were £356.690 lower at £1.38m.

The total dividend is effectively Taxable profits were struck after net interest payments of £3.95m (£3.96m)—the directors point out that despite the increased turnover there was a marginal reduction in borrow-

associated company and the marginal reduction in borrow-group's overall results by ings—and associate losses of £579,000. Frofit margins remain inade-Profit margins remain inade-

Matthew Clark improves £1.2m and pays 10p total

credit of £399,000 relating to the release of various provisions no longer required, pre-tax pirofits of Matthew Clark and Sons (Holdings) advanced from £2.3m to £3.52m for the year to April 30 1983 — a material April 30 1983 — a material improvement had been expected. Earnings emerged at 24.3p (19p) per 25p share and an increased final dividend of 7p lifts the net total by 1.75p to 10p. Turnover of the group improved to £72.29m (£61.85m)

before Customs and Excise Duty of £30m (£24.87m). At the attributable level, profits totalled £1.06m (£683.000) after tax of £1.72m (£934.000).

be to float off the electricals division onto a fashion conscious stock market. For the time being, at 61½p, the prospective yield of 8.8 per cent seems an adequate support.

The group was a distributor for a full year for the first time, and was distributor for Irish Distillers for by way of rights by Group Lotus, and adequate support.

Warning of losses from Sturla

It was not prepared to say financial statements had been

It also reported that Mr Robert

Knight, who resigned as Sturla chairman in June, "had failed to respond to requests to provide full details of items requiring disclosure under the Com-

Mr Knight, together with his personal assistant Mrs Rhonda Davis, was charged in March with conspiracy to defraud Sturia and its shareholders. He

International banking, investment, leasing and life assurance group Schroders increased profits in the first half of 1983 compared with the same period in the previous year, the directors say. Activity throughout the group was at a high level with mos parts of the business benefiting from generally favourable trading

Rights results

snare met with an acceptance rate of 91.5 per cent. The balance has been sold at a net premium of about 74.3p per share, and will be distributed

INCLUDING an exceptional tributed materially to profits and both have potential for consider-able development.

First half group pre-tax profits were up from £1.2m to £1.81m. Schroders

The interim dividend is being maintained at 3p net per £1 share. Last year a total of 15p was paid from total disclosed profits after tax of £15.39m.

The Midland Bank rights issue of 45.7m shares at 350p per share met with an acceptance

Shareholders can expect a circular later in the year asking

permission for the company to increase its equity base, he said.

David Graham, who worked as finance director during the rescue, was not seeking reappointment. He will be replaced within two weeks by a full-time

financial controller, recruited from Stoy Hayward.

The company also plans to appoint new stockbrokers— expected to be Hoare Govett—

Following a shortfall halfway.
Thorpac Group fell into the red
during the second six mouths,
and finished the year with
sharoly lower taxable profits of
£17,000 against £257,000.

Anticipated closure costs are put at £157,000 and have been written off as an extraordinary

are given as 0.6p. down from 7.8p. but a higher final of 1p is being paid, and lifts the year's total to 2p (0.82p).

Earnings per share before this

Turnover of this USM com-

pany rose from £2.82m to £2.99m, and the pre-tax result was struck after depreciation £84,000 (£72,000), interest £65,000 (£46,000), but after add-

The Lombard

14 Days Notice

and new directors.

Thorpac in loss

Mr Britton confirmed that Mr

are unlikely to get much more than another 0.5p net dividend held at 0.5p per 12.5p share. First half tax charge rose from £15,750 to £16,985. Braithwaite & Co. **Engineers**

Bridge and Constructional Engineers Pressed Steel Tank Manufacturers

Extracts from the statement of Mr. J.A. Humphryes (Chairman)

- Trading Profit increased again by 10% at £1,023,850.
- Dividend increased again to a total of 9.1p per share
- Profits achieved at Plastic Recycling Ltd. with further expansion in sales and production. New range of air pollution control equipment to be
- fabricated at Newport Works. All subsidiary companies contributing and another

profitable year's tracing expected. Turnover £11,017,000 £9,534,000 Profit before tax 1.023.850 929,167 Profit after tax 819,250 843,667 Earnings per share 30p 30.9p Dividend 9.1p 8.1p

The Secretary, Braithwaite & Co. Engineers P.L.C. 59 Church Road, Great Bookham, Leatherhead, Surrey KT23 3.U.

53 weeks ended 30th April 1982 88.016 Profit/(Loss) before taxation* (457) Profit before extraordinary items 182 608 Extraordinary items less taxation 1.743 2.919 Earnings per ordinary share 0.65p Dividend per ordinary share *Includes surplus on property disposals £973,000 (1982 £292,000)

It has proved impossible to eliminate trading losses at 'Boarnes'. The store has now ceased to trade and the lease is being surrendered to the freeholders for a cash sum of £400,000 payable on 29th September 1983. The profit and loss account includes an extraordinary charge of £1,743,000 which largely represents the estimated costs of closure of 'Bournes' to the extent not previously provided, and provision for trading losses expected to be incurred from 30th April 1983 to the date of closure of the store, after taking account of the cash sum receivable on the surrender of the lease.

the lease.

It is the Board's view that your company's prospects are fundamentally improved now that 'Bournes' has been sold. There are signs of improvement in trading conditions particularly in the retail sector. If this improvement continues there is every reason to expect better results from your company in the future, which will enable the company to resume dividend payments on the ordinary shares in keeping with those paid in the past.

 The Group's balance sheet remains strong and despite an increase in borrowing, is relatively lightly geared. Ben Raven - Chairman

Copies of the report are available from: The Secretary, Raybeck PLC, 309 Oxford Street, London WIR 3LE.

October. He added that despite the "hair-raising events" of the recent past, the company was at present "just running at a trading profit." He predicted that share dealings in the company would be resumed late in October. Dealings were suspended in March, with the shares at 6p. The full extent of the com-

Sturla Holdings, the troubled financial services group, yesterday warned shareholders to expect losses amounting to exceptional items for the financial year to April 30 1983.

Profil 50 the provious 15 transculors 15

accounts—were £757,000. However, neither figure takes account basis because the group "was of exceptional and extraordinary provisions which in 1981-82 amounted to more than £2.9m. creditors."

panies Act."

April 30 1983.

Profits for the previous 15 months—released just a month ago in extensively qualified accounts—were £757,000. However, neither figure takes account of exceptional and extraordinary dependent of exceptions which in 1981,87

Many of these continue to hang

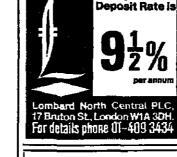
over the company.

At Sturia's annual meeting yesterday, chairman Mr David Britton said that trading during 1982-83 was substantially lower

than the previous accounting period, with overheads substantially higher. He said accounts were now ready for audit, and would be unveiled by late

DIVIDENDS		ANNOUNCED				
	Current payment	ga lo	Co rre conding div.	Total for year	Total last year	
Automotive Prods. int.	0.5	Sept. 30	0.5	_	0.5	
Bestobellint.	5.7	Oct. 14	5.7	_	13.5	
Britannia Arrowint.	1	Nov. 18	0.8	_	1.7	
Bunzlint.	5	Nov. 1	4.5	_	9	
BWGint.	0.83§	_	0.75	_	3	
Wm. Collinstnt.	3.5	Oct. 19	3	_	8.5	
Cookson Grpint.		_	3.7	_	9.66	
datthew Clark	7	Oct. 17	6.25	10	8.25	
Delta Group	1.82	Jар. 3	1.82	_	3.4p	
Desoutter Brosint.	2.7	Oct. 28	2.7	_	5.7	
family inv. Tstint.	2.5	Nov. 1	2.4		6.3	
Friedland Doggart int.	2.27	Nov. 14	2.09		5.6	
Repworth Ceramic int.		Nov. 14	2.25	_	5.6	
Portals Holdingsint.		Dec. 30	5.75	_	15.5	
Prudential Corpnint.	5.5	Nov. 17	5	_	15	
Thorpac Group	Iİ		0.91	2	1.82	
Schrodersint.	šŤ	Oct. 27	3	_	15	
Stewart Plasticsint.		Nov. 9	1.14*	2.02	1.74*	
Sedgwick Groupint.		_	2.5		7	
H. Woodwardint.	0.5	Oct. 17	0.5	_	2.2	
Dividends shown pence p	er share	net except	where	otherwis	e stated	

Bestobellint.	5.7	Oct. 14	5.7	_	13.5
Britannia Arrowint.	1	Nov. 18	0.8	_	1.7
Bunziint.	5	Nov. 1	4.5	_	9
BWGint.	0.836	_	0.75	_	3
Wm. Collinstnt.	3.5	Oct. 19	3	_	8.5
Cookson Grpint,	3.7	_	3.7	_	9.66
Matthew Clark	7	Oct, 17	6.25	10	8.25
Delta GroupInt.	1.82	Jap. 3	1.82	_	3.4p
Desoutter Brosint.	2.7	Oct. 28	2.7	_	5.7
Family inv. Tstint.	2.5	Nov. 1	2.4	_	6.3
Friedland Doggart int.	2.27	Nov. 14	2.09	_	5.6
Hepworth Ceramic int.	2:5	Nov. 14	2.25	_	5.6
Portals Holdingsint.		Dec. 30	5.75	_	15.5
Prudential Corpnint.		Nov. 17	5	_	15
Thorpac Group	Iİ	_	0.91	2	1.82
Schrodersint.	š	Oct. 27	3	_	15
Stewart Plasticsint.	1.36	Nov. 9	1.144	2.02	1.74*
Sedgwick Groupint.		_	2.5	_	7
H. Woodwardint.		Oct. 17	0.5	_	2.2
Dividends shown pence po * Equivalent after					
increased by rights at \$ In Irish currency.					



LADBROKE INDEX 710-717 (~1) based on FT Index Tel: 01-493 5261

BIDS AND DEALS

Linfood takes last 10% of up earnings Hypermarket in £3m deal

took full contro lof Hypermarket (Holdings) when it bought a 10 per cent holding from Carrefour, the leading French supermarket group, in a deal worth

13m. Mr Tony Butler, Linfood's Mr Tony Butler, Linfood's finance director, explained yesterday that the purviese of Carrefour's minority—by the allotment of \$50,000 shares which are currently being traded at around \$20p : Diece—was closely linked with the recent acquisition of \$2 stores in the Key tion of 98 stores in the Key Markets' chain from Fitch Lovell

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A Company

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195.44

atells

and Carrefour. The stores will Carrefour revealed on Wed- Key Markets store at Coalville, continue to carry the Carrefour nesday that gross profits for the in Leicestershire, for £3.6m.

BOARD M	FFTINGS	
	FF 1 11/40	
The following companies have notified	Coats Patons	Oct 13
dates of board meetings to the Stock	Fisher (James)	Sept 15
Exchange, Such meetings are usually	Garnar Booth	Sept 13
held for the purpose of considering	Gen. Investors and Trustees	Sept 72
dividends. Official Indications are not	Laporte Industries	Sept 21
evailable as to whether the dividends	Lifleshall	Sant 29
ere interims or finals and the aub-	Oliver (George) (Footwear)	Sent 15
divisions shown below are based	Pitterd	Sept 19
mainly on last year's timetable.	Renows inc	Sept 19
TÔĐAY	Rugby Portland Cement	Oct 3
Interime:—Anglo-Indonesian Corpore-	Ryan International	Sept 15
tion, Charterhouse Petroleum, HB	Sandhurst Marketing	Sept 22
Electronic Components, Home Counties	Television Services Intal	Sept 14
Newspapers, Sharns Ware, Thareis.	Travis and Amold	Sept 26
Finals:Bertam, Haynes Publishing,	Finals:	•
Second Alliance Trust.	Sreville Europe	Sept 12
FUTURE DATES	Christy Brothers	Sept 16
Interims:—	F and C Eurotrust	Sept 14
Bilton (Percy) Oct 3	HTV	Sept 29
Blackloss Care so	14 I · · ·	

Markets' chain from Fitch Lovell for £44.8m.

The Key Markets' acquisition doubled the size of Linfood's retail operations overnight, and it is understrood the company has plans to convert three or four of its Key Market's' stores into hypermarkets. With expansion of hypermarkets operations afoot, Linfood felt the time was ripe to take 100 per cent control of the subsidiary.

Linfood acquired its 90 per cent stake in Hypermarket (Holdings) in 1978 when it merged with Wheatsheaf. The venture, which comprises six hypermarkets in the UK carrying the Carrefour name, was launched in 1969 by Wheatsheaf and Carrefour. The stores will carrefour revealed on Wed-

UBM puts up defence barrier

UBM is confident that its "prospects for the current and future years are excellent," the builders merchant tells share-holders in defence of the £64m bid from Norcros,

to 118p and the group reminds recovery is only now starting to come through, turnover is "now running at a higher level than at a level well above the value of the Norcros offer since its announcement."

Much is made of Norcros's failure to stem heavy losses at

There is no attempt to quantify the extent of that improve-ment in profits terms nor to give an indication of dividend payments other than that "we will be recommending substantially increased ordinary dividends

The offer, comprising five gress that a reconstituted and of £12m which should not be Norcros shares and 517p in each for every 11 UBM shares, reaches its first closing date on September 14 and is currently worth almost 107p per share, But UBM added 1p yesterday claims that evidence of economic lines in place."

Quite clearly," UBM asserts, "the capital value of the offer

failure to stem heavy losses at its Hygena kitchen furniture is not remotely adequate even for a company in the middle of a normal trading pattern, let alone one with the recovery potential of UBM."

The defence rests on the progress that a reconstituted and partial between 1977 and 1982 but, although UBM complains about the major thrust of the defence stems on historic record profits of £12m which should not be "difficult to achieve again in the

Amal. Estates Millbank link up fails

Amalgamated has slipped further into the red in recent years, and in the six months to September 30 1982 it incurred In February this year, Aries Securities exercised an option to acquire a 25 per cent stake in the company at 20p per share and Mr Frank Phillips, Amalgamated managing director, mated managing director, resigned. In May, Aries entered into an option agreement with Mr Oakes and Mr Holmes for Aries entire holding of 25.84 per cent at a price of 25.71p per

The option closed on Wednes day with the share price stand-ing in the market at 23p per

share.

The Millbank Development pair ran into problems with the Takeover Panel. If they proceeded to combine the two companies as they wanted, their share of the enlarged company would have been around 33 per cent. Under Rule 34 of the Takeover Code they would be obliged over Code they would be obliged to make a bid for the outstand-

ing shares.

The alternative was to halve the option which would have left them with a stake of around 26 per cent. Mr Oekes gave such a proposal to Aries Securities to consider. But yesterday afternative the proposal was rejected. noon, the proposal was rejected and the whole deal was called

off.

Directors from Aries Securities including Mr David Heimann refused to comment today. Mr Heimann is also chairman of Bonusbond Holdings, the employee incentives group which came to the market in June 1981. Amalgamated's results for the year to March 1983 are expected imminently. No dividends have ye there paid to shareholders.

BRENGREEN (HOLDINGS) plc Offer for ordinary shares in

THE SUNLIGHT SERVICE GROUP PLC

dated 7th September, 1983, incorporating a Notice of an

(Holdings) plc ("the Company") to be held on 26th

September, 1983, has been posted to the holders of

ordinary shares in the Company on the register of

members at the close of business on 7th September,

allotted under the terms of the Rights Issue made in

June 1983, now represented by fully-paid Allotment Letters, may obtain a copy of the above circular letter, together with a copy of the proxy card and offer

document referred to therein, upon application to:-

Morgan Grenfell & Co. Limited

New Issue Department

21 Austin Friats London EC2N 2HB Barclays Bank PLC

Cheshire WA16 9EU

Radbroke Hall

Knutsford

Registration Department

1983. Holders of ordinary shares in the Company

Extraordinary General Meeting of Brengreen

In connection with the above Offer, a circular letter

J. Foster buys competitor in £725,000 agreed deal

PROPERTY developers Mr
Arthur Oakes and Mr Norman
Holmes have failed in their
attempt to inject Milibank
Developments, their property
company quoted under Stock
Exchange Rule 163, into Amalgamated Estates.

They failed to exercise an
option to acquire 25.84 per cent
of Amalgamated's board.

The deal is to be financed by
the issue of 1.1m Foster shares and
by the payment of £362,000 in
by the payment of £362,000 in
by the payment of £362,000 in
by the payment of £362,000 in
cash. The net asset value of the market on Wednesday to the
effect that Allianz was selling
to an unspecified South African
an unspecified South African
arguired E. A. Matthews and Co.,
a privately-owned manufacturer, has
acquired E. A. Matthews and Co.,
a privately-owned manufacturer
of worsted cloth in an agreed
takeover worth £725,000.

The deal is to be financed by
the issue of 1.1m Foster shares
at a price of 33p per share, and
Cornhill Insurance from its then
by the payment of £362,000 in
owners, Thomas Tilling, and it
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The pet a Matthews is around £720,000.

Mr Derek Gallimore, chief executive of Foster, said yesterday that medium-sized companies in the textiles industry would have to combine in order to Both companies have been struggling in recent years. In the year to February 1983, Foster recovered from two years of losses to make a pre-tax profit

of £341,000 on a turnover of £14.7m. Matthews, in the year ended December, turned in a trading loss of £57,588 on turnover of around £2.5m.

More importantly, before the merger the two companies were direct competitors in both the domestic market and in the major profitable export markets

in Japan, the Middle East and North America for high quality mohair and worsted cloth. As well as reducing this competition, the merger is expected to lead to a rationalisation on the pro-duction side with a reduction in overheads. Turnover for the slimmed down group is expected to be around £20m next year. Mr Christopher Renard, chairman of Matthews, is to join Foster as deputy managing

Foster shares were uncha sterday at 34p.

GERMAN GROUP NOT SELLING ITS EAGLE STAR STAKE Allians Versicherunds, a major West German insurance group, yesterday stated that it had no intention at present of selling its 28 per cent share stake in Eagle Star Holdings.

The group was commenting on rumours in the London stock

through the new owners BTR.

If Allianz were successful in acquiring Cornhill, then it would reconsider its Eagle Star Holdings equity stake, but it would not necessarily dispose of the

CANDOVER

INVESTMENTS Candover Investments, currently advising five directors at FMC Britain's largest slaughterhouse group, on a possible management buy-out of the company, said yesterday that a number of suggestions on a buy-out are currently being discussed — principally with FMC's bankers. He emphasised that no formal buy-

out plan had yet been tabled. NATIONWIDE TERMS FOR NEILSON

The purchase consideration being paid by Nationwide Leisure Group for Nellson Leisure Group is being based on certain levels of profits from Nellson in the

Pru pushes

to £28.3m

AN IMPROVEMENT in its general insurance operations together with a continued rise in together with a continued rise in profits from long-term business enabled the Prudential Corporation, the largest life group in the UK, to show a 40 per cent growth in after tax profits at the interim stage from £20m to £28.3m. Earnings per share rose from 6.7p to 9.5p.

The interim dividend is lifted 10 per cent from 5p to 5.5p.
The total surplus from long-term business improved 8 per cent from £23.7m to £25.6m. However, this growth was held back by a non-recurring element in last year's contribution from Mercantile and General amounting to £1m for the half-year. Mercantile and General amounting to £1m for the half-year.
On the general insurance account premium income over the period was 15 per cent higher at £356.7m, against £309.1m. The overall underwriting loss reduced by just over 10 per cent from £42.1m to £37.3m, despite a substantial improvement in Canada.

Investment income on the

improvement in Canada.

Investment income on the general insurance business rose by nearly 20 per cent from £27.9m to £33.3m, but this improvement still failed to cover the underwriting losses. The overall trading loss was cut substantially from £14.2m to £4m.

Premium income in the UK rose by 13 per cent and the overall trading loss was halved from £7.6m to £3.9m. Underwriting losses in the domestic property account were cut from £8.4m to £4.9m, solely because of the better winter weather in

comment The general reinsurance business of Mercantile and General hangs like a mill stone round the neck of the Prudential. Underwriting is worsening and the Pru admits it gives cause for alarm. The

the better winter weather in 1983.

it gives cause for alarm. The remedial action will without doubt take some time to come through. The improvement in the UK general business has come solely from the better weather, the underlying trend shows a worsening of operating conditions including motor. The bright spots in the interim figures were that Canada has at last come right and long-term business continues to thrive. The Pru, like other life companies, is undergoing a reorganisation process, but the costs are a charge on profits instead of being met from reserves. The 10 per met from reserves. The 10 per cent dividend rise could not pre-vent the share price dropping 22p to 464p, yielding 5.4 per cent on a probable dividend of 17.5p.

Britannia Arrow jumps 125% to £5.1m

Pre-tax profits of Britannia Arrow Holdings rose by 125 per cent at the half-way stage from £2.27m to £5.12m, following strong growth in profits from from £715,000 to £3.67m, this coming from a record sale of units on its unit trust activities on the offshore Jersey tion. The group now has £3br of funds under management. After-tax profits showed similar growth from £2.06m to share rising from 1.87p to 3.32p. The interim dividend is lifted

er. The group has made two mportant acquisitions this year the purchase of the U.S investment management companand the acquisition in July of National Employers Life Assurance Company. The latter purchase brings the group directly into the UK life assur-ance field. These will contribute to profits in the second half of

by one-quarter from 0.8p to 1p

comment

of profits from Neilson in the years to December 31 1983, 1984 and 1985. On the basis of the varying profit levels the phased consideration payable in cash and shares is a maximum £2.5m and shares is a maximum £2.5m and a minimum £25,000. Neilson has forecast profits of £200,000 for the year to end-December 1983 and warranted net assets of £225,000.

SIEWART WRIGHTSON

Mercury Securities Group has acquired an additional \$29,333 ordinary shares in Stewart Wrightson, bringing its total holdings to 6,423,760 shares representing 29.6 per cent.

BANK RETURN

BANKING	DEPARTMEN	Y T
Liabilities Capital	14,553,000 33,800,213 502,763,253 1,606,998,289	£ — 2,847,137 — 256,628,211 — 89,713,145
	2,157,114,755	_ 349,188,493
Assets Government Securities	423,045,858 866,983,536 856,055,751 10,851,685 167,985	- 39,450,000 + 3,923,982 - 520,005,762 + 6,327,538 + 15,979
ŗ	2,157,114,755	_ 849,188,498
ISSUE D	EPARTMENT	[
In Circulation	11,480,000,000 11,469,148,375 10,851,625	- 130,000,000 - 136,827,338 + 6,827,338
Assets Government Debt Other Government Securities Other Securities	11,015,100 5,175,624,107 6,293,360,793	- 601,551,826 + 471,551,228
<u>;</u> -	11 480 000 000	+ 130,000,000

Boliden's find in N. Sweden

BY KENNETH MARSTON, MINING EDITOR

be hearbreaking, but it can also be heartsteaking, but it can also contain one in commercial be highly rewarding and the minnows can justly claim to find many of the mineral deposits that the majors wiss. But from Minerals, in the Northgate group, reports encouraging majors with their income from other sources are better placed to survive the disappointments of prospecting work.

Sweden's Boliden, for example

many of the mineral deposits that the majors wish their income from other sources are better placed to survive the disappointments of prospecting work.

Sweden's Boliden, for example has announced the discovery of copper, zinc and silver deposits in the Junsele area of northern Sweden after having prospected there for two years. The company says that mineral-bearing structure is similar to that at Skellefteafaltet, further to the north, where the company operates 10 mines.

Boliden is now stepping up its exploration programme there and is expected to take a further six months to obtain detailed results. These, it is hoped, will

EXPLORATION ACTIVITY can show whether the discoveries

Losses continue in Indonesia for Inco

THE 98 per cent-owned which outweighed operating Indonesian nickel operation of profits in 1980 and 1981. Reduced Canada's Inco is expecting a debt repayments last year total loss of U.S.560m (£40.2m) amounted to \$43m. Operations are currently 1984, according to Mr James running at 40 per cent of design Guiry, president director, as reported in the Jakaria Post. However, he expects prospects to brighten in the next three years with an improvement in the market for nickel.

Operations are currently running at 40 per cent of design capacity at an annual rate of some 45,000 tonnes of nickel, but this is an improvement on last year's 30 per cent rate.

years with an improvement in the market for nickel.

Last year the company lost \$\$61.2m\$ and, indeed, it has never made a net profit since operations began in 1978. Not only especially now that the loss-has the company suffered from weak conditions in the nickel market but also it has had to cope with heavy debt repayments

The parent Inco, with its low-cost Canadian nickel operations, should be doing considerably better in the current half-year, especially now that the loss-making non-nickel interests have been shed. But it is not expected to return to profits before the cope with heavy debt repayments

Seltrust now hoping for some improvement

mining subsidiary of British Petroleum which was acquired as a result of the latter's take-over of Selection Trust in 1980. This time there is a half-year net loss of AS4.9m (£2.9m) compared with a loss of AS4.5m a year ago. Major adverse factors in the

ONCE AGAIN, uninspiring results are announced by the loss-making Seltrust Holdings, the 75 per cent-owned Australian low nickel prices in the case of low nickel prices in the case of the Agnew nickel mine.

The further improvement in nickel prices should help matters at Agnew and, in all, Seltrust directors "anticipate some improvement in financial perform-Major adverse factors in the ance during the second half of latest period include a significant decline in iron ore sales from "significantly" stronger metal the Mount Newman mine, a lack prices and greater demand for dearnings in February and march from the drillship profitability can be achieved.

I.J. Dewhirst

Clothing Manufacturers

INTERIM STATEMENT

(unaudited) 52 weeks 26 weeks 14th Jan. 1983 1982 1983 16,161,000 13,144,000 27,399,183

1,629,000 1,372,000 Profit before Taxation 798,645 375,000 **Estimated Taxation** 472,000 Profit after Taxation 1,157,000 997,000 2.127,396 2.85p 2.44p Earnings per Ordinary Share

Trading conditions have improved although margins were still under pressure during the half year and I am, therefore, pleased to report

that we have increased our sales by 23.0% and our profit before taxation by 18.7% compared with the first half of 1982. Net interest received is reduced due to capital expenditure and the lower interest rates now prevailing. The Directors have declared an Interim Dividend to be paid on the 25th November, 1983 of 0.32p per Share which, after adjusting for

the Scrip Issue in June 1983, compares with 0,28p per Share last

year. This is an increase of 14.3%. Forward orders are significantly higher than last year although cost increases are still difficult to recoup. We are continuing to expand our product ranges supported by our enlarged design teams and a growing capital expenditure programme including a new suit factory. I expect our pattern of growth to continue in the second half of the

Alistair J. Dewhirst, Chairman

F. COPSON P.L.C.

Results in brief	1983 £	1982 £
Group Turnover Profit before Tax	6,858,354 189,736	6,508,938 200,080
Dividends paid (after waivers)	31,458	<u>31,458</u>
Earnings per 5p share	3.52p	3.78p

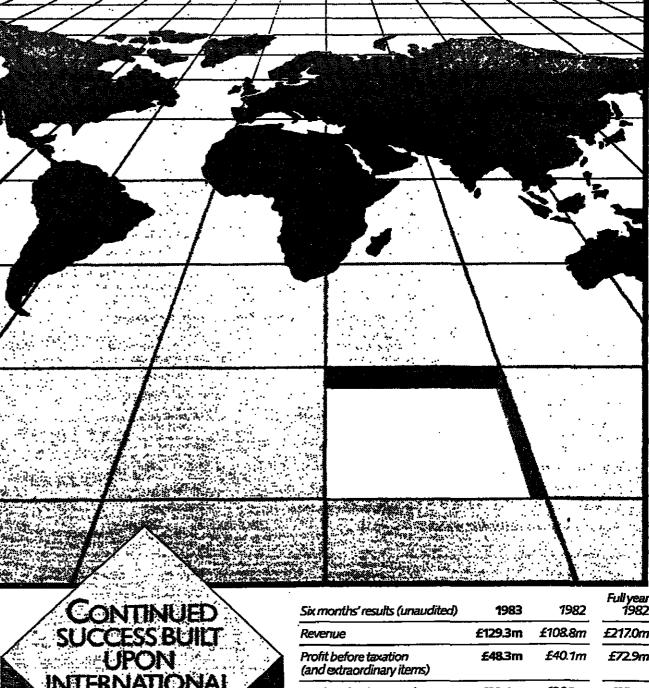
* The profit reported, although showing a reduction. was made in probably the most competitive market suffered in the Company's history and, but for a bad debt, profits would have been maintained.

66 At the time of this report turnover is running at a slightly higher level than the corresponding period last year and every effort is being made to maintain this improvement.

F. Copson, Chairman & Managing Director

ACTIVITIES:- Suppliers of heating equipment and plumbing and sanitaryware goods. Installers of warm air heating equipment.

Erdington - Birmingham





Earnings for the period £23,4m £20.2m £37.7m Earnings per ordinary share 9.4p 17.5p 2.75p 250p 7.0p Dividend per ordinary share

Sedgwick Group



A commanding presence in worldwide insurance and reinsurance broking

Cookson hits £10m mark

ALTHOUGH SOME of its operations in the United Kingdom remained unprofitable, Increase from 17.4m to 19.6m, and associates' share showed an almost identical increase from 17.4m to 19.4m. The pre-tax figure was after industries Group, says overall results showed an improvement. results showed an improvement from the ongoing benefit of earlier cost reductions.

In the United States, the recovery was more marked, cost reduction programmes enabled the subsidiaries to sobjects much

the subsidiaries to achieve much improved trading results.

The group's pre-tax profits rose from £6.2m to £10.1m in the six months to June 30, 1983, Sales improved from £232.3m to £267.2m, and trading profits came out higher at £19m compared with £14.8m

share showed an almost identical increase from £7.4m to £9.4m. The pre-tax figure was after interest charges of £8.9m (£8.6m). The interim dividend is

unchanged at 3.7p net. Earnings per share jumped from 3.5p to 11.9p. After tax of £4.9m (£4.3m) and minorities of £100.000 and minorities of £100,000 (£200,000), attributable profits emerged substantially higher at £5.1m against £1.7m.

There were extraordinary debits of £300,000 (£100,000 credits), and additional depreciation on current values of fixed assets of subsidiaries totalled £2.8m (£2.7m).

the comparisons of profitability with 1982 remains as favourable as in the first half.

Tioxide Group, an associated company, increased its pre-tax profits from £7.36m to £9.89m in the first six months of 1983. Turnover climbed from £102.9m to £130.4m. Earnings per share rose from 7.5p to 13.9p.

comment

Cookson Group's shares had performed outstandingly this year and the market was clearly ready for a bout of posit-taking pre-tax profits approaching figm, after the results announcement, and the shares are yielding 6.2

the economic recovery in the UK and U.S. Group profits will be influenced by exchange rates, but current indications are that of the share price has removed still better than anyone expected, so hie shares grudgingly put on 1p to 226p. The outperformance of the share price has removed the high yield tag, and Cookson is now a bet on industrial recovery. However it is difficult to escape the impression that the company has restructured mainly in order to come if there is not to the company the company that the company has restructured mainly in order to company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company the company that the company has restructured mainly in order to cope if there is no recovery. In the areas where there has been an upsurge in demand, it has not been accompanied by a firming up of prices. Fortunately Cookson has not been subject to any significant increases in material costs. The last line of the chairman's statement seems to imply full year pre-tax profits approaching f19m.

improvement expected to continue

ALMOST DOUBLED profits and an increased dividend are revealed by Glasgow-based pub-lisher William Collins for the 27 weeks ended July 3, 1983 and in their interim report the direc-tors say they are confident that the trend of improving profits reported over the past three years will be maintained in the second half.

W. Collins

Although net interest charges rose by £302,000 to £715,000 this was more than offset by a was more than offset by a £248,000 drop in exceptional debits (severance costs) to £114,000 and a £89,000 bigger contribution from the associates to £328,000 which left group pretax profits at £2.04m, compared with £1.25m for the opening half with £1.25m for the opening half

Earnings per 'A' and ordinary share were up by 3.4p to 10.5p an othe net interim dividend on the respective shares is being increased from 3p to 3.5p—a final of 5.5p was paid previously.

Turnover for the six months expanded from £35.66m to £43.09m and trading profits totalled £2.54m, against £1.78m, before interest charges Tax accounted for £222,000 (£265,000) and available profits emerged at £1.82m (£981,000) from which dividend payments absorb £604,000 (£414,000).

The integration of Granada Publishing has proceeded "very satisfactority." The increase in the interest charge was attributable to the acquisition and to the level of working capital required to support increased trading to support increased trading.

comment

collins is beginning to show the sort of performance that justifies the faith of those shareholders who said "No" to Rupert Murdoch's bid two years ago. These are still dull days for UK publishers yet Collins looks on its way in perhaps 57m perhaps this issers yet Collins looks on its way to perhaps £7m pre-tax this year. The purchase of Granada Publishing this summer has been a help but its importance should not be overplayed within these figures. Consolidated for only three months it chipped in less than £200,000 to profits. Its impact will be greater from here impact will be greater from here on, not just for its own sake but because Collins is using but because Collins is using Granada Publishing to fill up its own underworked paperback production lives in Glasgow. On top of that Collins' progressive slimming down, as witnessed by a series of exceptional charges, is beginning to pay off. Perhaps the only real cloud in Colline. the only real cloud in Collins' sky is its sluggish Antipodean sales. The non-voting shares rose 13p to 308p yesterday for a prospective yield of around 4.8 per cent.

Friedland Doggart over £1m

In the 24 weeks to June 19 1983, pre-tax profits at Friedland Deggart Group improved from £851,000 to £1.1m on turnover up from £5.5m to £5.39m. The in-

terim dividend is raised from 2.09p to 2.27p net. The pre-tax figure was after depreciation up from £283,000 to £303,000 but included investment mcome of £205,000 against £173,000. First half tax was £535,000 compared with £404,000.

Stated earnings per 250 share improved from 7.3p to 9.19p. During the first half, the direc tors say there was a slight in-crease in volume of products sold —the company manufactures domestic and industrial sound signalling equipment, injection and compres plastic toys.

Sales are continuing at a similar level, they say. The company is proposing to make an offer to purchase up to a maximum of 924,807 of its ordinary (15 per cent) between a minimum price of 150p per share

and maximum of 200p. Offer will be made by way of a tender offer. Shareholders will be able to tender all or some of their shares either direct to the company or through the Stock

Exchange. The method adopted will depend on shareholders personal tax position. Proposals represent an effi-cient way of enabling share-holders to benefit from a proportion of the company's current cash balances which are signifi-cantly in excess of current

Desoutter Brothers

requirements.

Pre-tax profits at Desoutter Brothers (Holdings) rose from £1.02m to £1.05m in the first six months of 1983. The figure is second half of 1982. Turnover of this precision mechanical engineer rose from £12.52m to

The interim dividend is unchanged at 2.7p — last year's total was 5.7p from pre-tax profits of £1.69m.

First half profits were struck after interest charges down from £239,000 to £202,000. Tax took £544,000 against £529,000, leaving attributable profits up from £489,000 to £502,000. Stated earthings per 25p share improved

Mr R. C. Desoutter, the chairgroup's operating costs continues. and he adds that indications of recovery are apparent in its trading in the UK and the United States. "If the improving situation continues and spreads elsewhere, particularly in Europe, we can look forward to a larger profit for the whole of 1983," he says.

Water treatment growth lifts Portals to £7m

INTERIM TAXABLE profits of are looking brighter, particu-Portals Holdings increased by larly export orders for non-just over 14 per cent, thanks currency security paper. The mainly to a higher contribution results from the American comfrom the water treatment and engineering division.

For the half year to June 30 1983 the result emerged at £7.01m against £6.13m on turnover of £30.06m compared with £81.34m

pany will improve, they add, and that benefit will accrue from the current capital investment and

Portals has turned in figures better than expected and is coming through a difficult year well. Though the paper division For the half year to June 30
1983 the result emerged at \$\frac{1}{2}\$ follow against £6.13m on turnover of £90.06m compared with \$\frac{1}{2}\$ from the property side were £20.000 higher at £575.000
The interim dividend has again been increased by 0.5p to 6.25p.
The directors say that as expected there was considerable growth in profits from water treatment and engineering, up from £2.16m to £3.01m from turnover of £70.81m against £62.15m.

They believe that this level of growth can be sustained in the second half, and are looking for further growth in the future.

Turnover in the papermaking division fell from £21.64m to £20.91m but profits were maintained at £3.65m. This side of the business, say the directors, is being held back by weaker demand and increasing competition, coupled with losses incurred in the new U.S. mill dere maintable balance emerged at \$2.38m compared with £2.94m.

However, they add, some areas

The the target include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large start up costs involved in the figures include the large was fairly dull in the first half

comment

Europe and the U.S. is continuing and overall the directors
expect some improvement in
group trading in the second half
of the year.

Meanwhile, the net interim
dividend is held at 5.7p from
earnings of 14.1p (15.6p) per 25p

share. snare.

Commenting on the results, Mr A. B. (Sandy) Marshall, the chairman, says that somewhat better conditions enabled the group to maintain trading profits in the UK but that in recent months, the effects of the worldwide economic recession intensi-fied in Australia and South Africa where profits were

reduced.

He adds that the improvement in profit in aviation and seals, after the interruption of business in the second half of 1982, day. On the plus side aviation

Bestobell declines to £4.08m

The extraordinary debit reof further rationalisation throughout the group, principally in overseas companies, to secure increased margins. It is expected that the programme will be completed by the year-end with "significant operational benefits to follow in 1984." Group pre-tax profits for the 1982 year totalled £8.71m and a final dividend of 7.8p was paid.

comment

ALTHOUGH turnover of Bestobell, the international company specialising in component technologies, expanded from £61.61m to £66.94m for the first six months of 1983, profits at the pre-tax flevel declined by £698,000 to £4.08m.

However, there are signs that the better economic climate in Europe and the U.S. is continuing and overall the directors expect some improvement in group trading in the second balf of the year.

Meanwhile, the net interim dividend is held at 5.7p from and ferocity beyond expectations.

Major surgery has been undertaken in Africa while less drastic measures were needed in Australia. The other major part of the £1.3m extraordinary cost of the £1.3m extraordinary cost is the withdrawal from France. Such measures will not boost trading profits until next year so for 1983 pre-tax profits are unlikely to achieve more than £8m to £8 m. The shares have tended to drift this year, as much a reflection of fading speculation over BTR's 24 per cent holding a= anything else, and at 290p the p/e is now probably less than 10 taking a line through the interim tax charge.

Appleyard turns in £0.3m profit

by the Appleard Group for the of £138,000 (loss £10,000).
first six months of 1983.

With the depletion of the

comparable period last year. comparable period last year.

Turnover for the six months to June 30 increased by 15 per cent to £63.73m against £54.84m, and there was a trading profit of £680,000 compared with a £64,000 loss. The pre-tax result was after a lower interest charge of £580,000 (278,000) and agreest of £588,000 (£768,000) and asso-

first six months of 1983.

The company has recovered company's resources over the from three consecutive years of past three years the directors losses with profits before tax of do not feel justified in paying £230,000, a £1.08m turnround on an interim dividend. The last the £842,000 loss incurred in the dividend paid was an interim of 0.1p in 1981.

The company is engaged in distribution and retailing of cars, commercial vehicles, agri-cultural equipment and fuel oil. Appleyard Finance, jointly tained surplus of owned with the Mercantile pared with a Credit Company, produced good Earnings per sharprofits in the period compared 1.8p (loss 10.8p).

ponding six months.

do not escalate and that confidence picks up in the business community the directors believe that the group's improvement in performance will be sustained.

Bung Lago

Tax for the period took £76,000 (nil), extraordinary items £35,000 (£519,000), preference dividends £10,000 (same) to leave a retained surplus of £109,000 com-pared with a £1.37m deficit. Earnings per share are given as

Banknote and Security Paper, Water Treatment and Engineering, Property

Results for the half year to 30th June 1983

	Six months to 30th June 1983 £ thousands	Six months to 30th June 1982 £ thousands
Group Turnover	90,061	81,335
Group Profit before Taxation	7,010	6,130
Profit attributable to Ordinary Shareholders	3,379	2,936
Earnings per Ordinary Stock Unit	18.72p	16.27p
Interim Dividend (payable 30th December 1983)	6.25p	5.75p

The half year Profit before tax for the half year has risen by 14.4%.

In Papermaking market conditions remain difficult but we believe that growth in the Water Treatment and Engineering Division will continue.

Our cash resources remain strong. We have recently acquired LA Water Treatment Corporation of Los Angeles, U.S.A.



For a copy of the full interim statement apply to: The Secretary, Portals Holdings PLC, Laverstoke Mill, Whitchurch, Hants, RG28 7NR. Telephone: 0256 82 2360.

Subsidiaries' contribution to trading profits improved from many doubts about the extent of the figures were per cent. Filter boost helps Bunzl rise 30% to £7.9m

FOR THE opening half of 1983 Bunzl pushed its pre-tax profits up to £7.9m, an increase of 30 per cent over the adjusted £6.07m returned for the same Turnover for the interim period rose from an adjusted £173.38m to £228.19m, an increase of 32 per cent, and at the trading level profits emerged at £7.86m, compared with £5.05m provingly. period last year, and the interim dividend is being stepped up from 4.5p to 5p net per 25p previously. share.

Group chairman, Mr Ernest £1.26m (£1.21m) share of Beaumont, says the new businesses in the U.S. made a major deducting net interest and contribution to the higher dividends of £1.22m (£191.000). Beaumont, says the new businesses in the U.S. made a major contribution to the higher figures, as did the filter operation, particularly in the UK.

Tax accounted for £3.35m (£2.51m), minorities £461,000 (£319,000) and extraordinary items £11,000 (£677,000). In most group companies trading results improved as the year progressed and the directors predict that if the economy in general continues to improve, this trend should be reflected in the second half Earnings, pre-extraordinary debits, amounted to 15.6p (12.4p) economy in general continues to improve, this trend should be reflected in the second half results.

An analysis of trading profits Slimmed down and with an by division shows: Fittrona—filter, UK and export, £1.88m (£191,000), overseas £1.3m exports, Bunni's filter business expect a 10p a share payout. The was the driving force behind a filter, UK and export, £1.8m exports, Bunni's filter business expect a 10p a share payout. The was the driving force behind a filter, UK and export, £1.8m exports, Bunni's filter business capert a 10p a share payout. The price has well outperformed (£1.7m), non-filter activities £2.8m gain in trading profits, But over the past 18 months or so profits from the U.S., but will not ing £1.64m (£2.18m); industrial filters are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter are profits should reach exceptional fillip from Italian at 10p a share payout. The price has well outperformed filter are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed filter business can be price has well outperformed filter business can be price has well outperformed at 10p a share payout. The price has well outperformed filter business are in the back seat. It's with Bunzi's rebirth. Even so at 10p a share payout. The price has well outperformed at 10p a share payout. The price has well outperformed at 10p a share payout. The price has well outperformed at 10p a share payout. The price has well outperformed at 10p a s

continued activities took £47,000 other than mature to bordering last time. Central costs and on senility. The strategy is to property (net) accounted for build significant merchanting 2525,000 (£207,000).

2525,000 (£207,000).

The aggregate cost of group acquisitions since July totalled £30m and Mr Beaumont says they are expected to contribute to group profits immediately at a rate comfortably in excess of they are expected to contribute to group profits immediately at a rate comfortably in excess of the cost of associated borrowings.

He adds that group finances remain "sound" and that the directors are continuing their search for suitable acquisitions. Group pre-tax profits for 1982 amounted to f12.69m.

Comment

Group and Mr Beaumont says growth. For the moment Bunzi may have enough to get on with in the States but it has lost none of its acquisition fervour in the UK and Australia. No doubt it will take more than a passing interest in Bemrose's figures string of acquisitions and string of acquisitions and string of acquisitions.

Group pre-tax profits for 1982 amounted to f12.69m.

Comment

announcement appears for purposes of record only.

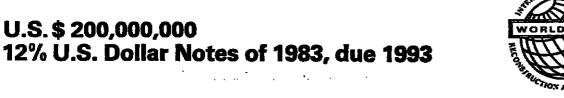
All of these securities having been placed, this

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

September, 1983

U.S. \$ 200,000,000



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Morgan Stanley International

Société Générale de Banque S.A.

International Corp.

Bank Gutzwiller, Kurz, Bungener (Overse Bank of Tokyo International Benque Générale du Luxemb Banque Nationale de Paris

Blyth Eastman Paine Webl International Limited

Crédit Lyo

Basque de l'Union Europée Baring Brothers & Co.,

Drexel Burnham Lambert

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SECTION III – INTERNATIONAL MARKETS

FINANCIALTIMES

Friday September 9 1983

Aluminium futures rally after setback, Page 32

WALL STREET

ucit.

8m

1 profit

Oscillating Dow teases high hopes

THE UPWARD momentum which brought Wall Street stocks this week to within a few points of their peak levels gave way yesterday morning to a spell of profit-taking which, while short-lived, was for the most part modest in the extent of price falls it inflicted, writes Gordon Cramb in New York.

It came in tandem with a dwindling of retail demand in the credit markets after the solid gains established there on Wednesday had, according to brokers, breached previous resistance levels in both cash and futures trading.

The stock market saw an unusually large number of block trades crossing in leading and second-line issues, suggesting vigorous two-way activity with institutional involvement both on the buying and selling side.

The Dow Jones Industrial average, more than six points down during the morning, recovered to its overnight level by mid-afternoon and went on to dally briefly above its record closing high of 1,248.30 set in June. The blue chips then backtracked once more, leaving the Dow a net 2.03 up on the day at 1,246.14.

But the ambivalence of the market was reflected in weaker showings by the

STOCK MARKET INDICES

broader indices and a tailing off in trading pace towards the end of the day. Volume totalled some 79.5m shares, with 862 quotations advancing and 673 on the decline

Banks were affected by worries over their Brazilian exposure, which may result in them being forced to report a large rise in non-performing loans. Chemical Bank fell \$1 to \$46%, Bankers Trust \$1% to \$43% and Manufactur-

ers Hanover 5% to \$41%.

Reports of trading difficulties in Latin America upset a stock in a very different area of the market-Coca-Cola, which acknowledged that high inflation and reduced purchasing power in those nations meant the soft drink giant was re-

tions for the year.

Although the company stressed its business was otherwise in "excellent" shape, the stock slid \$3 to \$49 after a de-

vising downward its earnings projec-

layed opening.

Also in the food and drink sector,
Campbell Soup, which the previous day
added \$% to \$55% after reporting a
strong final quarter, put on another \$%
yesterday. Heinz was unchanged at

In the defence and aerospace field Rockwell suffered from its failure to win the Nasa contract to refurbish the U.S. space shuttle between flights. It came down \$1% to \$28% while Lockheed, to whom the \$2bn contract was awarded, advanced \$4% to \$117%.

Transport issues were one of the profit-takers' main targets. Norfolk Southern Railroad lost \$\% of its \$2\% gain on Wednesday to stand at \$66\% while among the airlines, United shed \$\% to \$31\%, Pan Am managed to add \$\% to \$7\%

on its announcement of higher worldwide traffic and load factor for August.

The fixed-interest markets, initially retaining almost all of Wednesday's rise, fell away somewhat by early afternoon, particularly at the long end. The bell-wether Treasury 12 per cent issue due in 2013 gave up about 2 basis points to

2013 gave up about 2 basis points to 102½, yielding 11.72 per cent.

The normal mid-morning intervention period of the Federal Reserve passed without any action, and Fed Funds crept up once more from an opening 9½ to reach 9½, the level at which the Fed on Wednesday introduced a \$1bn system repurchase agreement. With the banks now over their settlement day needs, the authorities this time held back.

Three and six-month Treasury Bill rates were barely firmer at a respective discount of 0.00 and 0.22 per cent

discount of 9.09 and 9.33 per cent.

In the municipal sector, the eagerly-awaited pricing of \$595m bonds for the Michigan Public Power Authority was announced. Yields range from 8 per cent for issues due 1987 to 10% per cent for those due 2003. Dealers described the issue, the first by a state power authority since the upset of the Washington Public Power Supply System financing as "very attractive," with pricing for the A-rated bringing no unwelcome surprise.

EUROPE

Bundesbank confounds optimists

THE DECISION by the West German Bundesbank to raise the Lombard rate by ½ point to 5½ per cent came too late in the day in Frankfurt to have any dra-

Market opinion that the central bank would not raise the key interest rate in the face of above-target domestic money supply contributed to a cautious mood early in the session, but the weaker dollar and Wall Street's overnight performance injected enough optimism to take shares generally higher at the close.

shares generally higher at the close. The Commerzbank index, calculated at mid-session,was up 2.9 at 931.3. Banks were in the forefront of the ral-

ly, and Commerzbank added DM 5.50 to DM 169.50, Deutsche gained DM 1 to DM 309.50 and Dresdner put on DM 4.20 to DM 171.90.

Turnover was low in domestic bonds yesterday and prices closed barely unchanged. The Bundesbank announcement again was too late to affect trad-

All other European bourses suffered from lacklustre performances to close narrowly mixed to lower.

In Paris, news that the recently-floated French state loan had been increased to FFr 25bn from FFr 15bn led to speculation that some investors may be lured away from the market. The Government's plan to impose a surtax on higher incomes was also a discouraging factor.

The chemicals, engineering and me-

tals sectors scored some gains while weaker stocks included Cit-Alcatel down FFr 31 to FFr 1,238, L'Oreal off FFr 13 to FFr 1,788 and Pernod Richard FFr 4 lower to FFr 714.

Banks, financials and the motor sector were mixed to lower with Schneider down FFr 4 to FFr 113 and Peugeot off FFr 2 at FFr 200.

Dutch share prices rose on a broad front in Amsterdam but began to turn down in after-bourse trading when the West German Bundesbank decision was announced.

The Netherlands central bank followed the German lead and increased its Lombard-equivalent rate by ½ point to 5½ per cent and its discount rate to 5 per cent from 4½ per cent. Lacklustre trading kept prices mixed

lackustre trading kept prices mixed in Brussels, lower in Zurich and sharply lower in Milan, reversing the previous day's bullish trend Swiss banks and insurance stocks lost ground while engineering issues proved mixed.

In Madrid, prices rose marginally in

quiet trading and in Stockholm issues weakened for the second consecutive day.

LONDON

Equities fail to sustain early tone

LONDON found it difficult yesterday to sustain its firm early tone, despite more confident reports of lessening upward pressures on international interest rates and inflation. Government securities, however, enjoyed an initial flurry of continued support.

The continuing belief that the government sale of British Petroleum shares was imminent and the start of the two-day Jewish holiday combined to subdue business.

Leading industrials tended finally to present small mixed movements on the day, but the FT Industrial Ordinary Share index eventually ended 1.2 up at 713.6. Details, Page 27; Share Information Service, 28-29.

TOKYO

Investors rethink rapid rises

GROWING concern about the resurgence of trade friction combined with caution on recent rapid rises to drive share prices sharply lower in Tokyo yesterday, while bond prices were mixed, reflecting the steady U.S. market writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow average surged just over 40 points to 9,395.78 in the morning, but concern about fast rises earlier this week triggered heavy profit-taking to send the key index down 23.19 to 9,332.47 at the close. Volume shrank to 479.62m shares from Wednesday's 502.82m shares. Losses outnumbered advances 354 to 308, with 186 issues unchanged.

Opening rises were encouraged by Wall Street. Interest centred on speculatives and incentive-backed stocks to earn short-term profits and tended to spread to blue chip stocks, which had been out of favour. But blue chips eased amid growing apprehension about recent rapid advances and restrictions on margin trading.

margin trading.

Sony rose Y200 to Y3,800 in the morning, but closed at Y3,670, up Y70. Hitachi lost Y9 to Y879, Matsushita Electric Industrial Y40 to Y1,660 and TDK Y90 to Y5,410. On the plus side, Toagosei Chemical added Y45 to Y318 on expectations of improvement in business results, Mitsubishi Heavy Industries climbed Y9 to Y237 on volume of 26.36m shares, the largest in the day and Penta-Ocean Construction Y20 to Y365 on volume of 23.37m shares, the second largest.

Towards the close, interest shifted again to speculatives and incentive-backed issues, with Aoki Construction advancing Y42 to Y1,020 and Keisei Electric Railway Y28 to Y349. Conversely, Citizen Watch, which had attracted considerable attention, shed Y42 to Y612 and Rhythm Watch Y35 to Y582.

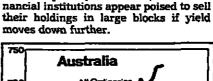
On the bond market, some institution-

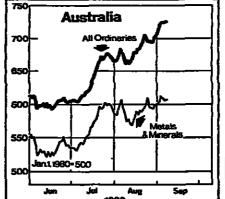
al investors, who had shied away from the market, started buying, encouraged by the firmer than expected trend. The size of buying orders for barome-

ter government bonds by trust banks

during the morning pushed down the yield on 7.5 per cent government bonds, with 9½ years remaining, to 7.98 per cent from Wednesday's 8 per cent, while 7.7 per cent government bonds, with a little more than six years remaining, traded to yield 7.63 per cent, down from

But most market participants doubt whether the bond market will follow an uninterrupted upward curve, because financial institutions appear poised to sell





AUSTRALIA

7.66 per cent.

Resources orchestrate recovery

A LATE afternoon surge helped prices shake off a weaker start and finish higher in moderate trading in Sydney. The All Ordinaries index went on to register its highest level of the year, up 1.8 to 726.9.

Resource stocks were instrumental in the late change of mood and most heavyweight miners posted small to moderate gains. BHP rose 15 cents to A\$12.35, North Broken Hill 7 cents to A\$3.42 and Western Mining 3 cents to A\$4.88.

Late gains were also led by buying in speculative gold, oil and gas stocks. The most spectacular gain of the day was made by Metana, which jumped 45 cents to A\$3.35. Other gold speculatives to post gains were Ivanhoe Gold, South Eastern Petroleum and Mistral Mines.

Pancontinental Mining fell 7 cents to A\$1.75 and Robe River rose 20 cents to A\$2.50 after Pancontinental announced on Tuesday that it was increasing its takeover offer for Robe by 50 cents to A\$2.50 a share.

HONG KONG

FLUCTUATIONS in the value of the Hong Kong dollar and a surprise increase in local interest rates to defend the currency left prices lower, but up from the day's lows.

After staging a recovery on Wednesday, the Hang Seng index began to drop sharply early in the day and after a slight rebound, still finished 16.12 lower at 222 75

Among the Hongs, Swire Pacific "A" shares fell 40 cents to HK\$13.80, Jardines lost 20 cents to HK\$12.30 and Hutchison fell 20 cents to HK\$12.50.

SINGAPORE

BANKS were generally firmer in Singapore yesterday, but most prices closed mixed after a higher opening. Profit-taking and some late selling took the Straits Times industrial index 2.07 lower to 972.04.

Among industrials, Straits Trading rose 25 cents to S\$5.75, Genting was unchanged at S\$4.72 and Sime Darby fell 2 cents to S\$2.39.

Faber Marlin was the most active stock and closed 1 cent lower at S\$2.89 with 631,000 shares traded.

SOUTH AFRICA

BULLION price stability enabled gold shares to close firmer in quiet Johannesburg trading yesterday.

nesburg trading yesterday.

Heavyweights generally added up to 50 cents, although Buffels gained R1.25 to R74, and lightweights put on between 5 and 10 cents.

In mixed financials, Gencor was 25 cents stronger at R31.25. Elsewhere, De Beers shed 5 cents to R10.80 and Lydenburg Platinum rose 10 cents to R10.60. Industrials were firm.

CANADA

FEATURELESS trading in Toronto allowed most stocks to edge forward by midsession yesterday, with advancing shares leading declines by 246 to 198.

Gains were also registered in early

Gains were also registered in early Montreal trade, while Vancouver staged a similar, if not as strong advance.

We are very pleased to announce the opening of our New York Branch



(SAUDI ARABIA)

245 PARK AVENUE · NEW YORK, NY 10167 · (212) 916-9000 · TELEX: 422037 NCB NY

End Month Figures

1000 Frankfurt Commerzbank
900 1250
1978 1979 1980 1981 1982 1983

120 700
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KEY MARKET MONITORS

NEW YORK	Sept 8	Previous	Year ago	1
DJ Industrials	1246.14	1244.11	915.75	lα
	570.36	572.47	369.6	ءُ ا
DJ Transport			116.23	•
DJ Utilities	131.12	130.97		0
S&P Composite	167.77	167.96	122.2	ļ Y
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LONDON		740 4	E00 F	s
FT Ind Ord	713.6	712.4	590.5	G
FT-A All-share	454.25	453.38	361.81	li
FT-A 500	492.02	490.80	400.27	
FT-A Ind	441.59	441.04	368.35	=
FT Gold mines	683.6	684.5	355.2) C
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FT Govt secs	79.97	75.55	70.03	1
TOKYO		_		lē
	9332.47	9355.66	7189.42	
Nikkel-Dow		688.53	538.27	(1
Tokyo SE	686.32	650.33	\$30.Z/	
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COMDINED	451.09	400.07	201.71	10
DENMARK				11
	199.96	199.96	85.51	1
Copenhagen SE	138.30	100.00		1
FRANCE				
	134.9	135.2	98.5	G
CAC Gen	143.4	143.7	112.9	A
Ind. Tendance	143.4	140,1	112.0	1
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SOUTH AFRICA				8
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SWEDER				5
J&P	1515.41	1522.86	631.87	S
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SWITZERLAND				
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Copper (cash)

Oil (spot Arabian light)

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Frankfurt

Paris (fixme)

New York (Sept)

Zurich

(London)	Sept 8	PTQV		Sept 8 1.492	1.4915
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BFr	53.89	54.0	-	80.4	80.65
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10% May			12.35*	12.40	86
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N.V. BEKAERT S.A. - Société Anonyme Registered Office: Bekaertstraat 2, 8550 Zwevegem - Kortnyk Trade Register no. 704 Brussels Trade Register no. 350.657 - VAT no. 405.388 536

Offer for public subscription to 315,104 new shares without par value

Proportion: 1 new share for 6 existing shares

Subscription price: 2,400 BF

Subscription period: from 12 September up to 23 September 1983

Subscription may be remitted to any of the following institutions where subscribers can obtain copies of the prospectus and application forms: Société Générale de Banque - Banque Bruxelles Lambert - Kredietbank

The new shares entitle holders to take advantage of the tax provisions as provided by Royal Decree no. 15 of 9 March 1982, modified by Royal Decree no. 150 of 30 December 1982, to encourage subscription on or purchase of shares of Belgian companies. The subscription right represented by coupon no. 42 of the former shares will be quoted in the official list of the Brussels and Antwerp Stock Exchange. Application as been made to list the new shares on these stock exchanges. The legal notice has been filed at the Kortrijk Commercial Court on 1 September 1983.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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fial 1 injures are unofitial. Yearly highs and lows reflect the time to its 52 weeks but the current week but not the latest placing day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

8-dividend also exitra(s) b-annual rate of dividend plus stock dividend c-leutedaring dividend cide-cased di-new yearly low e-dividend declared or paid in preceding 12 months g-dividend declared after split-up or stock dividend j-dividend paid this year, contried defended or no action taken at latest the vidend meeting. I-dividend declared or no action taken at latest the past 52 weeks. The high-low range begins with the start of transition or paid in preceding 12 months plus stock dividend declared or paid in preceding 12 months plus stock dividend declared or paid in preceding 12 months plus stock dividend declared or paid in preceding 12 months plus stock dividend declared or paid in preceding 12 months plus stock dividend paid in stock in preceding 12 months plus stock dividend year of the preceding 12 months plus stock dividend paid in stock in preceding 12 months plus stock dividend paid in stock in preceding 12 months plus stock dividend paid in stock in preceding 12 months plus stock and other plus stock paid to the plus stock plus plus stock split Davidends begins with date of split sts-sales to dividend paid in stock in preceding 12 months plus stock graph plus years and plus stock split Davidends begins with date of split sts-sales to dividend paid in stock in preceding 12 months plus stock and of the plus stock split Davidends begins with date of split sts-sales to dividend paid in stock in preceding 12 months plus stock and of the plus stock split Davidends begins with date of split sts-sales to dividend paid in stock in preceding 12 months plus stock of the plus stock plus stock plus stock plus stock plus stock

321 M

49,802,112

36,033,002

14,596,294

50,629,296 827,184

49,802,112

Net tangible assets:

Representing issued share capital of 23,783,010 shares of no par value Reserves and Profit and Loss account

Less intangible assets

38,440,102

31,986,064

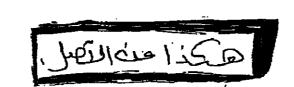
9,929,460

41.915.524 3,475,422

38,440,102

Nature of Business.

WORLD STOCK MARKETS												
	ANICE OF OCINIC PRICES	CANADA DENMARK	NETHERLANDS	AUSTRALIA Sopt. 8 Price + or Aust. 5 - Sept. 8 Yell								
21 10	St. Compared Com	Chaing Prices Sep Van Sept. 8 Price + Control	## ACF Holding	1 April 5 - 1 April 1 Van								
INTERCOM SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRIGITE Société Anonyme place du Trône 1, Brussels, Belgium (Société Anonyme Incorporated in the Kingdom of Belgium and Registered in the Commercial Register of Brussels) POINTS FROM THE DIRECTORS' REPORT FOR THE COMPANY'S FINANCIAL YEAR ENDED ON DECEMBER 31st, 1982	Semi-Annual Report of Sandvik AB, Sweden Notice is hereby given that copies of the Semi-Annual Report of Sandvik AB covering the first half of the 1983 activities will he available — from September 13th — at the office of Credit Suisse First Boston Ltd, 22 Bishopsgate, London EC2N 4BQ. The Board of Directors SANDVIK	TALY Cockeriii 165 3 TALY Cockeriii 165 4 700 5 5 5 5 5 5 5 5 5	Fisher Geo									
During the year 1982, the generating sets of the Company, as well as the portions representing its participation in joint power stations, produced 9,530.2 GWh as compared with 9,286.2 GWh in 1981. The Company drew from other producers. Thange 1 and from Chooz (France), a total of 10,364.0 GWh (as against 9,990.2 GWh in 1981). Gas distributed during the year 1982 amounted to \$1,971 TJ, as compared with \$5,591 TJ in 1981, i.e. a decrease of 4.2%. Finally, sales of steam amounted in 1982 to 4,293 TJ, as against 4,255 TJ in 1981, i.e. an increase of 0.8%. The capital expenditure of the Company during the financial year reached 13,977 million Belgian francs. The results of the financial year allow the payment of a dividend, net of Belgian withholding tax (précompte mobilier) of BF 186 on each of the 23,783,010 old shares entitled to dividend right on December 31st, 1982. By virtue of the bilateral tax convention between the United Kingdom and Northern Ireland on the one hand, and Belgium on the other hand, withholding tax on dividends is limited to 15%. Shareholders residing in the United Kingdom and Northern Ireland are entitled accordingly either to reclaim tax paid in excess of 18%, or by prior arrangement through their bankers to have the deduction of fax limited to 15%. In either case, arrangements should be made through the shareholders and bankers. EXTRACTS FROM THE ACCOUNTS PROFIT AND LOSS ACCOUNT OF THE GROUP 1982 1982 1981 (B.F. 1,000) (B.F. 1,000) Net operating income After charging depreciation of fixed assets 5,824,024 5,533,321 Income from controlled and associated Company 9,614,183 6,254,943 Net TANGIBLE ASSETS Fixed assets (the Group) 1982 1982 1983 1982 1983 1982 1983 1982 1983 1983 1982,661 1983 1984 1985 1983 1984,661 1985 1985 1986 1986 1986 1987 1982 1981 1982 1981 1982 1981 1982 1981 1982 1981 1982 1981 1982 1983 1983 1984,683 1986,683 1986,693 1985 1986 1986 1986 1986 1986 1986 1986 1986	LEGAL The Financial Times European Law Letter combines the unrivalled accuracy and authority of the FT — with its worldwide news-gathering resources and highly developed research facilities — with the exclusivity, depth-of-detail and conciseness of a specialist newsletter. Each month, European Law Letter provides subscribers with vital information on the legal aspects of doing business in Europe, with the emphasis on the practical consequences of new developments. The newsletter provides comprehensive coverage of: Decisions affecting cross-border investments, marketing arrangements and cooperation with foreign firms New developments in anti-trust and patent law Legislation affecting product liability, company law and legal services To: The Marketing Department, FT Business Information Ltd., Bracken House, 10 Cannon Street, LONDON ECAP 4BY. Please send me a sample copy of European Law Letter together with full subscription details.	Industriate 1245.14 1244.11 1238.72 1215.45 1215.45 1266.81 1248.3 17 (168)	1.96 1.96	11.17-80) 608.0 607.5 610.9 614.2 614.2 (5.9) 41.8 (4.1) 12 1 62) 55.19 55.26 55.29 56.18 58.8 (5.5) 45.48 (15.7) 12 2 831 153.71 153.14 152.42 152.08 134.45 (1.8) 100.50 (4.1, 12 1 83.71 153.14 152.42 152.08 134.45 (1.8) 100.50 (4.1, 13 1 12.82, (34.3 135.2 134.5 134.6 167.7 (25.8) 98.1 (8.1) 13 1 12.82, (34.3 135.2 134.5 134.6 145.7 146.8 124.8) 88.8 (5.1) 13 1 12.52, 145.4 145.7 144.0 145.1 146.8 (24.8) 88.8 (5.1) 14 1 2 58, 313.55 512.54 515.75 512.75 331.65 (7.7) 241.89 (25.1) 14 1 2 58, 313.55 512.54 515.75 312.75 385.3 (7.7) 727.9 (25.1) 15 1 1 2 58, 313.55 512.54 515.75 312.75 385.3 (7.7) 727.9 (25.1) 16 1 1 2 58, 313.55 512.54 515.75 312.75 385.3 (7.7) 727.9 (25.1) 17 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1								



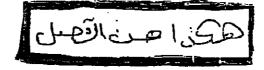
Company

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MARKET REPORT

BP and holiday influences combine to subdue markets

The two main investment areas of London stock markets found it difficult yesterday to sustain their firm early tone, despite more confident reports of lessening upward pressures on international interest rates and infiation. Taking up the market's good showing on Wednesday, Government securities enjoyed an initial flurry of continued support, both from domestic and overseas sources, which helped to exhaust official supplies of the remaining conventional tap

to exhaust official supplies of the remaining conventional tap stock. Treasury 9½ per cent 1988 A. at 93½.

Relishing the freedom from official tap—the Government broker still holds some of the recently-issued £300m tranche of Treasury 12. per cent 1995—the market advanced further. Longer-dated issues spearheaded the movement and were soon showing fresh gains ranging to 1. At the higher levels, however, profit-taking began to replace profit-taking began to replace demand and quotations slipped back to close only fractionally dearer on balance; some in the 1995 to 1999 area actually settled a shade off, reflecting the possibility of new Government funding around these dates.

The shorts achieved small improvements with the accent on Convertible stocks, while indexlinked Gets steaded after Wednesday's late reaction on news that tranches of £100m each of three longer-dated stocks.

news that transcess of £100m each of three longer-dated stocks had been issued to the authorities. The increase in the West German Lombard rate made little impression on market sentiment sentiment
The continuing belief that the
Government sale of British
Petroleum shares was imminent
and the start of the two-day
Jewish holiday combined to
subdue business in equity
markets. The level of trade was
described as described to described as desperately thin with the few features usually resulting from trading announcements or news items. The Life Insurance sector was unsettled by Prudential's interim results, but Oils moved higher following British Petroleum's unexpected offer to sail a 121 per cent stake

KAPORE

HILL AFRICA

Gilt-edged lose early sparkle

*First Declara- Last Account Dealings tions Dealings Day Aug 15 Sept 1 Sept 2 Sept 12 Sept 5 Sept 15 Sept 16 Sept 26 Sept 19 Sept 29 Sept 30 Oct 10 "New-time" dealings may take place from 9.30 am two business days seriler.

The two main investment areas of London stock markets found it difficult yesterday to sustain their firm early tone, despite more confident reports of lessening upward pressures on inter-

Prudential disappoint

The appearance of a sizable seller prior to the announcement of interim profits at the lower end of the estimated range formed no basis for stability in Prudential which closed 22 down at 464p. Other Life Insurances weakened in sympathy, Hambro Life losing 16 to 386p, Legal and General 10 to 488p and Equity and Law 22 to 713p. Befuge shed 10 to 408p, but Pearl were virtually unscathed closing just 4 cheaper at 730p. Lloyd's broker Sedgwick produced good interim results, but sentiment in the whole Insurance sector was clouded by the Prudential figures — and the former's shares eased a couple of pence to 213p.

Yesterday saw the return to the market of Associated Tooling, now renamed Associated Telecommunications following the acquisition of a number of companies previously owned by Mr Ron Shuck; the shares opened at 153p and touched 160p before closing at 145p compared with the suspension price of 110p.

The continuing absence of institutional support led to another subdued session among leading Breweries. Scottish and Newcastle provided a noteworthy The appearance of a sizable seller prior to the announcement

leading Breweries. Scottish and Newcastle provided a noteworthy exception and advanced 31 in a

exception and advanced 31 in a brisk trade to SSD, reflecting a broker's bullish circular and revived takeover speculation. Elsewhere, Matthew Clark touched 34SP before settling for a net gain of 8 at 343p following the increased full-year profits and dividend and confident statement on the outlook. H. P. Bulmer hardened a couple of pence to 325p following the encouraging tenor of the chairman's statement at the annual meeting; Merrydown, AGM scheduled for next week, rose 15 to 335n in sympathy.

FINANCIAL TIMES STOCK INDICES

	Sept.	Sept. 7	Sept.	Sept.	Sept.	Sept.	pg¢ pg¢
Government Secs	79,97	79.93	79.71	79.63	79,45	79,51	78,6
Fixed Interest	82.38	82,32	62.2 4	82,16	82,27	82,19	79.0
Industrial Ord	713,6	712,4	714.5	713,2	705,8	708,6	590
Gold Mines	683,6	684,5	6B5,5	682,3	679,8	672,5	355
Ord. Div. Yield	4.76	4,76	4,74	4,74	4,79	4.73	4,9
Earnings, Yld.% (fulf)	9.51	9,56	9.55	9,56	9,65	9,59	10.E
P/E Ratio (net) (")	15,11	13,02	15.04	15.02	12.89	12,99	11,1
Total bargains	18,730	16,220	17,815	20,003	20,646	20,546	20,03
Equity turnover £m.		253.76	214,54	143.82	209,45	176,56	168.2
Equity bargains	_ '	15,536	16,165	16,851	19,890	17,153	14,72
Shares traded (ml)		221.5	123,7	104,9	148,5	131,2	109
10 am 714		m 714.2 m 713.4.			1 pm 7	13.4.	• · ·

HIG	HS A	ND L	.ows		S.E. ACT	VITY	
	19	83	Since Co	mpilat'n	<u>'</u>	Sept.	Sept.
ı	High	Low	High	Low	` <u> </u>	"	<u> </u>
Govt. Secs	83,60 : 18/6)	77.00 (24/1)	127.4	79.10	—Daily Gilt Edged Bargains Equities	147,0	150.3
Fixed int	84,74 (15:6)	79,03 (1/2)	150,4	50,53 (3/1/5)	Bargains	B12_9	104.7 433.6
Ind. Ord	740,4 (22:8)	598.4 (12/1)	740.4 22/8/83)	49.4 (26/6:45)	5-day Avrge Gilt-Edged Bargains	135.9	132.6
Gold Mines.	754.7	551.5	734.7		Equities		110 E

ICI as scrappy and the shares, a touch firmer at one stage, drifted back to close a couple of pence cheaper on balance at 534p. Laporte also lacked support and shed 5 to 310p; the interim results are due on September 21. Stewart Flastics September 21. Stewart Plastics preliminary profits failed to match market estimates and the shares shed 7 to 111p. By contrast, British Benzol attracted speculative interest and touched a 1983 peak of 18½p before closing a net 2½ up at 17½p.

ments or news items. The Life Insurance sector was unsettled by Prudential's interior results, but Oils moved higher following British Petroleum's unexpected offer to sell a 12½ per cent stake in its Forties field.

Stores were featured by outstanding strength in Burton; the group has long been interested in purchasing the John Colker/Richards Shope divisions of Hanson Trust which the last-vented publication of the FT-Actuaries

Technical problems which prevented publication of the FT-Actuaries Fixed Interest indices and yields during June, July and August have been solved.

A limited supply of the figures covering the period is available to readers.

Please send a stamped addressed envelope to the Prices Room, The Financial Times, Bracken House, Cannon Street, London EC4.

Metrydown, AGM acheek, rose 15 to 335n in sympathy.

Leading Buildings lacked amore to suitlok for next week, rose 15 may be just the spite outlook for interest rates. A small two-way business left most quotations on the part of the past seven instruction of next most quotations on the state of the John Collier and Richard Shops retail outleted for next week, rose 15 may be just to 335n in sympathy.

Leading Buildings lacked amore favourable outlook for interest rates. A small two-way business left most quotations outlook for interest rates. A small two-way business left most quotations outlook for interest rates. A small two-way business left most quotations outlook for interest rates. A small two-way business left most quotations outlook for interest rates. A small two-way business left most quotations of the past seven of the past seven of the John Collier and Richard Shops retail outlead to add provided and nervously shead of next Shops retail outlead to shop the purchase of the John Collier and Richard Shops left the shares 15 p. One on the shares 21 cheaper at 51p. One or on one fire the shares 21 cheaper at 51p. One or on one fire the shares 21 cheaper at 51p. One or on one fire the shares 21 cheaper at 51p. One or on one fire and the

ICI as scrappy and the shares, aided Milletts Leisure, which rose to 175p before settling only
2 up on balance at 167p, while
profit-taking clipped 4 from
recent high-flyer Executex
Clothes, 2Sp.

The Electrical leaders were usually a few pence dearer at the end of the day, but Racal, still helped by the company's bullish statement on its Planet data ring main operation, improved 9 more to 230p. Elsewhere, CASE were noteworthy for a fresh rise of 12 to 385p. Speculative demand lifted Suter 6 to 68p, while a tip sheet recommendation prompted a gain of 10 to 39p, after 45p, in JSD Computers. Kode, in con-trast, remained on offer after the interim figures and gave up 13 further to 355p.

Apart from Hawker, which

Apart from Hawker, which continued to drift lower at 2980, down 6, leading Engineers showed little alteration. Elsewhere, buyers showed interest in Birmii, up 4½ at 490, while Desoutter closed 3 higher at 86p, after 88p, following the interim figures. The half-year results from Delta Group, a shade easier at 611p, failed to inspire.

Sunlight improve Buyers continued to show

AKZO C AKZO C AKZO C AKZO C AKZO C AKZO P AKZO P AKZO P KLM C KLM C KLM C

\$400 3 28 A \$425 36 11.50 \$450 20 6 \$475 22 3 \$500 10 10 150 \$450 24 0.10 \$400 5 5.50 \$425 8 18 5

EUROPEAN OPTIONS EXCHANGE

_ | _ ; 100 : 1 | _ : _ :F.110.70

C F.100 153 3 - - - - - C F.102,50 138 1.10 3 2.70 - - C F.105, - - 1112 1 - C F.105, - - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.105, - 20 1 - C F.102, - 20 1 - C F.1

7³4 NL 82 89-95 C F. 97.50 40 | 0.20 | 10 | 0.70 | —

A=Asked B=Bid C=Call P=Put

TOTAL VOLUME IN CONTRACTS: 13,563

712 NL 83 87.90 C F.97.50 5 0.10 ; -! - · - · - (F.95

Sept. Dec. March F.295 - - - - 50 | 7.20 | F.299.80 F.290 - - 59 | 3.70 | - 7.20 | F.299.80 F.295 - - 281 | 6 | - 7.20 | F.299.80

doubled mid-term profits and increased interim dividend.

BP better
Overnight news of BP's plans to raise about £280m by selling up to 12.5 per cent of its interest in the North Sea Forties Field helped to restore a little confidence to the Oil sector. BP, recently overshadowed by the expected offer-for-sale of Government-held shares, railied 10 to 440p. Other gains in the leaders were relatively modest. Among the Irish stocks, Eglinton rose afresh to 305p on talk of a South American oil find before settling unchanged on the day at 285p. Atlantic Resources closed 5 down nore to 153p.
The miscellaneous industrial leaders were usually inclined easier in a slow day's trading. Elsewhere, Sunlight Service revived with a rise of 13 to 225p pending further bid developments. Spring Ram advanced 7 more to 160p, while speculative demand left Standard Industrial Graum S. up a 20p after Alp. Group 8 up at 39p, after 41p.
LCP rose 5 to 95p accompanied
by rumours that the company
may float off its U.S. subsidiary
Whitlock Corporation. Friedland Whitlock Corporation. Friedland Doggart closed the same amount higher at 180p after the interim results and the proposal to buy in a maximum 15 per cent of its own Ordinary shares by way of tender toshareholders.

Portals responded to the increased interim dividend and profits with a rise of 10 to 565p but disappointing half-year figures left Hepworth Ceramic 3 cheaper at 1860. Inter-City were Atlantic Resources closed 5 down at 370p, after 360p, and Aran eased a couple of pence to 44p.

Losses in mines

cheaper at 136p. Inter-City were briskly traded and closed 2 firmer at 93p, after 86p, while Talber came to life with a speculative rise of 1½ to 6½p. J. and J. Dyson "A" rose 8 to 6½p following the annual seneral but Theorem following

day's approuncement that Mr

near-14 per cent stake in the com-

pany via coachbuilders Coleman Milne; British Car Auction which now controls just over 25 per

cent of Lotus following the recent rights issue, rose 7 to

Another lack-lustre perform-ance by the bullion price and a further bout of mild profit-taking in Australians led to renewed weakness in mining markets. Minor gains in overnight Melhourne and Sydney markets were generally ignored by London dealers and the general tendency towards lower metal prices prompted an initial sell-off among leading precious and

"A" rose S to 61p following the annual report, but Thorpac fell 10 to 45p after the preliminary results. Bestobell eased to 280p on the lower interim profits before recovering to close unaltered on balance at 290p.

AE dropped 8 to 50p following the not whoily-unexpected news that the share-exchange offer from GKN, 4 better at 178p, has been referred to the Monopolies Commission. Elsewhere in Motor sectors, Lotus closed 4 dearer at 60p on consideration of Wednesday's announcement that Mr among leating precious and base-metal issues.

However, a number of the more speculative issues continued to attract strong support.

The better-than-expected dividends from the Evander mines in the Gencor group and a margin-ally firmer bullion price failed ally himer button price ratted to inspire any substantial demand for South African Golds which tended to mark time throughout the session.

Winkelhaak proved a notable exception and rose ‡ to £344 following the good dividend payment.

London Financials showed Charter 3 to the good at 265p. Gold Fields and RTZ were unaltered at 615p and 655p respect-

ively.

The generally static performance of the underlying securities resulted in yet another lacklustre recent rights issue, rose 7 to 203p. Appleyard firmed a couple of pence to 37p after the return to profits at the interim stage. Publishers deatured William Collins, which rose 7 to 340p, with the more widely-traded "A" 13 up at 308p, following the 64 per cent increase in interim profits. with the more widely-traded
"A" 13 up at 308p, following the
64 per cent increase in interim
profits.
Early interest in leading Properties ebbed away and, after a
firm start questions. The supposition of the control

firm start, quotations usually reverted to overnight levels. Elsewhere, disappointment with Elsewhere, disappointment with the asset revaluation that accompanied the preliminary profits standstill left Estates Property Investment 6 down at 128p. On the other hand, Bradford Property encountered scattered support and firmed 4 to 250p, while Stewart Nairn, a neglected counter of late, touched 51p before closing a penny dearer on balance at 50p. Phoenix Property were sensitive to small selling and gave up 5 to 34p. Amalgamated Estates beld at 16p; Mr **ACTIVE STOCKS**

Above average activit	Y Was I	noted in
the following stocks y	esterday	
	Closing	Day's
Stock		change
AE	50	8°
Aran Energy	44	- 2
Assoc. Telecom	145	_
Atlantic Res	370	- 5
Collins (Wm.)	340	+ 7
Eglinton Oil & Gas	285	· <u> </u>
Grand Met	320	- 4
Hopworth (J.)	192	+ 4
Inter-City Inv	93	+ 2
Legal and General	4RR	-15
Prudential	464	-22
Talkar	61.	<u> </u>

gamated Estates held at 16p; Mr A. Oaks and Mr N. Holmes have separated their business interests WEDNESDAY'S

- [Buyers continued to show interest in selected Food Retailers. J. Sainsbury rose 5 more to a 1983 peak of 425p, while Associated Dairles edged up a couple of pence to 172p. Elsewhere, confectioners Tavener Rutledge gained 4 to 40p on the return to profitability. De Vere Hotels, up 15 at 255p, attracted revived specularive support in a thin market as bid rumours resurfaced. Gartunkels continued to attract buyers on expansion hopes and put on 8	and have not exercised their option to acquire a 25.84 per cent stake in the company from Aries Securities. P & O Deferred hardened a couple of pence in the wake of Wednesday's mid-term statement. Elsewhere in Shippings, speculative support returned for Reardon Smith, 9 better at 54p. Among Textiles, Sirdar remained buoyant in front of next Thursday's annual results and closed 8 better for a two-day gain of 16 at 190p.	Based on bargains in Exchange Official List. No. of Stock change Arlen Elect. 15 Exco Intl. 15 Glaxo 15 Ivory & Sime. 14 GEC 13 RTZ 13 BICC 12 BP 12 GUS A 12 Hoover A 12 ICI 12 Plessey 12 Beecham 11	ecorded in Stoc Wed. Day's	
1			Inter-City Inv. 11	91 + 2	

RISES AND FALLS YESTERDAY

British Funds Corpns. Dom, &	Rises 52	Falis 18	Same 30	
Foreign Bon : s	23	2	51	
Industrials	254	200	915	
Financial &			319	
	123	78	315	
Props				
Oils	34	78	60	
Plantations	3	3	15	
Mines	37	30	96	
Others	ž	49	77	
Outers		~4	/1	
Totals	603	391	1.553	
ľ				

ł	2010	[E]	5 5 S		85	: Stock		+ or	ري	2 ž	종광	١.
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	375 125 190 1115 95 210 1111 125 (205)148 85		4-8 2-8 12-8 12-8 12-8 12-8 12-9 12-9 16-9 16-9 18-9 18-9 18-9 18-9 18-9 18-9 18-9 18	160 1250 250 3250 204 224 224 225 224 231 231 231 254 251 251 251 251 251 251 251 251 251 251	160 1180 3384 156 185 185 185 195 165 195 165 197 197 188	Dollonds Photo 121:pj.	145 240 255 119 186 227 1196 227 1196 251 242 1104 251 1104 87 161 88	+1 +2 +2 +1 +2 +1	02.0 02.1 03.0 06.0 0.25 01.6 03.0 04.9 04.9 04.9 08.05c 061.76 08.05c 061.76 08.35	5.1 5.6 2.5. 3.1 2.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1	2 2 5 6 8 5 1 1 2 5 6 8 5 6 8 5 6 6 6 6 6 6 6 6 6	31. 31. 32. 31. 30. 30. 31. 30. 31. 31. 32. 31. 31. 31. 31. 31. 31. 31. 31. 31. 31
ı	•		-	-							-	

FIXED INTEREST STOCKS

RECENT ISSUES -

hasue price	Amount raid up	Lates Renuno dale	19 High		Stock	Closing price f	+ 4
92,96 78 96,95 99,75 4:100 100p 	£25 F.P. £20 £25 £30 £10 F.P. \$25p	29:11 28:10 21:10 	251; 129 254 25 33 1114 103p 3112p 1001 1001s 1000 98 98	221 107 18 221 101 101 101 25 5 991 1001 991 993 923 931	Allied Lyons 11 14, Deb 2009 Atlantic Mct*n UK, 124, UL, 91,97 Bristol 111; Red, 2008 G.G.C. Economic 1214; Gtd. Ln, 2015.; Ggns Oversons Finance 13; Ln, 2008 E-Fibourne Wrworks 121; pcR.Deb.2004 F-Fit 7: Red Cny Pref Fleming Am. Inv Tat 7: Cny Uns Ln 39 Fuller, Smith & Turner 8; 2nd Cm. Prf JASMO 99: Cum Red Pref (Nationwide 10 2; 8ds 97.84 Do 107-8 8ds 50.7 84 Do 114; 8ds 39-84 Do 114; 8ds 20-84 Do 114; 8ds 20-84 Traiford Park Est. 113; 2007.11 Trainport Dev 12; Uns Ln 3008 Watn'yM nn&Trum'n 123, Red, Dob.2088 Watn'yM nn&Trum'n 123, Red, Dob.2088	241/2 107 201/2 241/2 33 11 102/p 103/p 991/2 991/2 95/2 941/2	-12 +12
YY.124	. 523	'25.IU	36	25%	Wastland 123-1 Deb 2006 Yorks & Lancs Inv 13 - Deb 2005	26	

"RIGHTS" OFFERS

	Issue	TOUR LE	Lat Reni da	une.	. 196	33	! Stock	Office Price
1	price				High	Low		_8ª ' _
-	63	F.P.	1/8	16,9	115 41 ₉ pm	84 3pm	Brengreen 10p	103 —1 3pm —1
1	48				48%	47	Cambrian & Gen. Sec	47
ı	65 48	F.P.	- =	_	68 55	6510	Cap. 712p	66
ł	25	F.P.	_	14:9	301g	20.0	Chamberlain Phipps 10p Crowther J.:	521 ₂
Į	10	F.P.	-	9:9	' 13 ⁻	11	First Charlotte Assets Tet 5ol	11
ł	34	Nil			: 38	33	.⊈First Talisman Inv. 30p:	34
ļ	78 . 82 i	F.P.	8:8	-	.129	112	Fleet Holdings 20p	127 i—l
ı	40	Nil	_	14/10	, 7pm	51	Floyd Oil 10p	6pm 60 +4
ŀ	R3.80	Nil	· _		15pm	3nm	Imperial Cold Storage 25c	15pm - 5
ł	50	Nil	-	_	38pm	26pm	::Marinex Pet. 10p	26pm -5
ľ	350	F.P.			455	425	'Midjand Bank Cl!	430
ļ	BO ;	F.P.		_	85	8115	Nesco Invs.	83
ı	20p	F.P.	_	_	, 7pm 121 ₃	4pm	Parkdale 10p	7pm;
ı	95	F.P.	=	14/10	142		#Sheraton Seca. 10p Steinberg 10p	
Į	310	Nil .					Tate & Lyle L1	136 ~5 53pm + I
ŧ	175	F.P		30/9	240	215	Unitech 10p	212 +5
ł	100	Nil	_	16:9	125pm	LO2om	United Parcels 100	120nm
ł	180		_	_	53pm	50pm	+Webber Electro 1212p	53pm,
Ì	8US 1.7		=		TIODE	OD DIM	Weeks (B'muda) 10cts Do. Aust, locts	115pm + 15

† Effective Issue price after †† Dealt in under Rule 163 (3).

OPTIONS

NEW HIGHS AND LOWS FOR 1983



First Last Deal- Deal-Deal- Declara- Settleings ings tion ment
Aug 22 Sept 9 Nov 24 Dec 5
Sept 12 Sept 23 Dec 8 Dec 19 Sept 26 Oct 7 Dec 22 Jan 3

For rate indications see end of

Call options were arranged in Inter-City, Barrie Investment and Finance, Marks and Spencer, Mettoy, Eagle Star, Premier Oll, Trust Securities, Barratt Developments, Sumrie Clothes, Armstrong Equipment, Hoover A. Talbex, Bambers, Burmah Oil, LOFS, Jefferson Smurfit, Amstrad, F. J. C. Lilley and Dunlop. A put was done in Applied Computer Techniques, while a double was arranged in Hoover A.

LONDON TRADED OPTIONS

Н		G	ALLS		P	UTS		i		ALLS			PUTS	
Н	Option	Oct	Jan.	Apr.	Oct	Jan,	Apr.	Option	Nov.	Feb.	May	Nov.	Feb.	May
	Brit. Petroleum (** 300 330 350 390	142 112 82 54	 88 60	- - - 70	11 ₂ 2 2	- 5 10	12	Barclays Bank (*47) 460 500 550 Imperial Group (*1	12 12 5	47 30 12	57 37 22	15 32 80	18 37 82	23 47 87
ľ	420 460 Cons. Goldfields (*	28 614	38 18	46 26	12 32	20 38	26 44	110 120 130	8 3 lg 1 lg		15 9	4 12 20	7 14 21	16
	500 550 600 650	70 38 14	127 87 57 33	102 70 45	25 55	13 32 62	18 40 72	LASMO (*326) 280 300 330 350 360 360	42 22 12 4	67 55 35 23	67 50 33	12 28 57 83	8 15 53 62 87	22 40 67
	Courtaulds (*97) 66 76 86 90 96 100	85 25 16 8 21 ₂	29 21 12 -5	21 	0 ³ 4 -5 -5 15	2 311 8 -7	- 6 10	Lonrho (*106) 80 90 100 110 P. 4 O, (*214)	28 19 10'2		16 10	11 ₂	. –	712 14
	Commercial Union 120 130 140 160 180	(*168) 50 40 50 14 4	34 19 9	87 25 15	01 ₂ 11 ₂ 2 5) 4 8 22	- 6 13 25	160 180 200 220 Racal (*232) 210	56 38 22 10	44 29 17	36 24	2 4 12	4 8 16	11 19
	G.E.C. (*212) 180 200 220 240	36 18 6 2	26 13 6	52 20 12	2 5 14 30	- 8 18 32	11 22 54	220 230 250 275 300	14 6 2 1	32 22 12 4 -	38 28 19 —	10 24 48	6 14 28 50	12 18 30
	260 Grand Met. (*322) 300 880 360 390	27 10 3	37 21 9	45 28 16	50 14 40 70	8 20 43 72	11 24 46 74	R.T.Z. (*657) 650 583 600 650 700	112 85 72 35 15	130 102 90 54 27	105 67 42	5 7 12 30 60	10 15 22 40 65	28 50 72
	1.C.1. 1*536) 360 390 420 460 600 550	180 150 120 80 46 14	134 94 60 30	72 44 24	1 1 2 6 22 66	5 6 18 32	- - 18 40 76	Vasi Reafs (*£152) 100 110 120 130 140	34 25 17 10½ 5	311 ₂ 231 ₂ 17 101 ₂ CALLS	27 20 	114 2 4 812 14	5 9 14 191:	11 151 ₂
Н	Land Securities (*	5081						Option	Sept.	Dec.	Mar.	Sept.	Dec.	Маг.
	250 260 300 330	53 33 17 4	42 26 11	47 33 16	2 6 25	4 12 30	7 15 34	Beecham (*333) 330 355 385	10 3 11 ₂	25 17 7	35 32 11	6 25 55	15 32 60	23 40 65
	Marks & Spencer (180 200 220	15	41 23 10	47 30 15	5 14	3 18	6 11 21	415 Guest Keen (*177) 135 183	43 23	46 27	_ <u></u> <u></u>	85 1 1	98 2 4	<u> </u>
	Shell Transport (*6 460 500 550 600 650	170 130 80 40 6	178 138 88 49 20	96 58 28	11 ₂ 11 ₂ 4 16 44	2 5 9 22 50	11 30 54	160 175 180 200 Sept. 8 Total Co		13 6 6 1,39 19 secu			12 30 Puts	9 17 32 284

FT-ACTUARIES SHARE INDICES

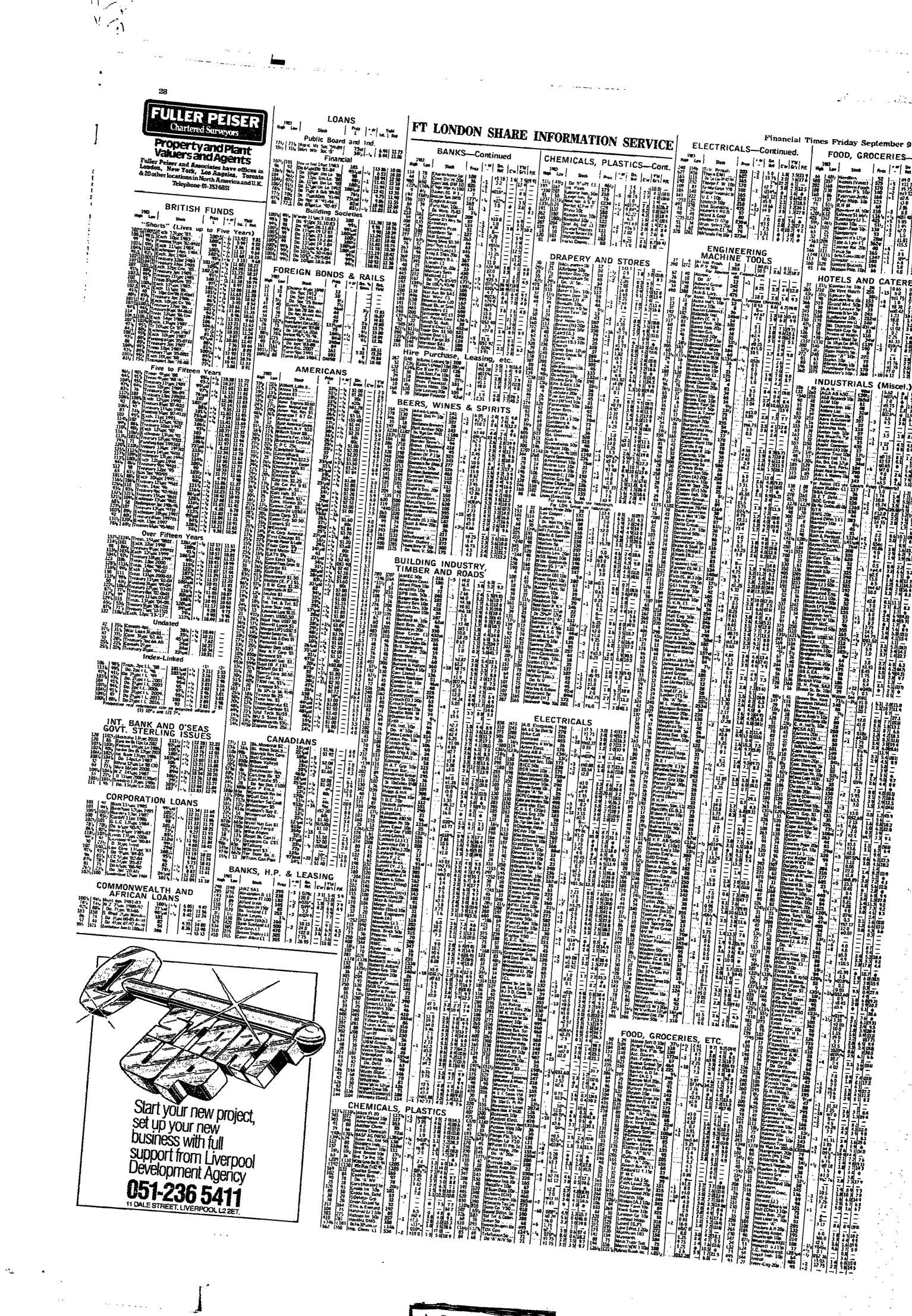
These indices are the joint compilation of the Financial Times, the Institute of Actuaries

and the Faculty of Actuaries

	EQUITY GROUPS	1	hurs	Sept	8 198	3	Wed Sept 7	Tues Sept 6	Mon Sept 5	Fri Sept 2	Year ago (approx)
Figu	& SUB-SECTIONS res in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	index No.	Index No.	Index No.	index No.	Index No.
123456891122222222222222222222222222222222222	GAPTTAL @000s (207) Building Materials (23) Contracting, Construction (30) Effectivities (36) Engineering, Contractors (10) Mechanical Engineering (64) Metals and Metal Forming (10) Motors (18) Other Industrial Materials (16) CONSUMER GROUP (199) Brewers and Distillers (23) Food Manufactoring (22) Food Manufactoring (22) Food Manufactoring (23) Health and Household Products (8) Leisure (22) Newspapers, Publishing (14) Packaging and Paper (1A) Shores (48) Tereties (22) Tobaccos (3) Other Consumer (10) OTISER GROUPS (79) Chemicals (15) Office Equipment (6) Shipping and Transport (15) Miscellaneous (43) MISCELLANGE (10) SOS SHARE INDEX FIRANCIAL EROUP (485) Discount Houses (8) Insurance (1/16) (9) Insurance (10) Insura	464.71 426.66 731.05 1737.65 1757.65 1175.76 1175.76 1175.76 1175.76 447.13 337.12 767.13 189.06 290.13 189.06 290.13 189.06 2012.11 406.81 40	-0.1 +0.9 -0.4 -0.8 -0.7 -0.2 +0.6 -0.1 -0.2 +0.6 -0.1 -0.2 +0.6 +0.7 +0.7 +0.1 +0.7 -0.7 -0.7 -0.1 +0.4	8.79 10.65 12.18 7.60 14.42 11.37 5.48 10.76 5.76 8.72 12.36 5.76 8.72 11.76 8.72 24.22 5.61 8.85 8.77 8.52 7.80 7.89 7.89 9.72 	3.76 4.69 4.72 2.18 5.96 5.96 4.97 4.17 5.09 5.09 5.09 2.63 2.78 4.51 5.35 3.81 7.61 4.74 4.73 4.74 4.74 4.74 4.75 5.60 3.81 5.40 7.29 9.15 4.86 5.37 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 4.88 5.39 6.88 5.39 6.88 6.88 6.88 6.88 6.88 6.88 6.88 6.8	14.67 11.78 19.20 17.12 8.62 19.27 11.24 24.11 11.78 9.97 8.77 18.61 20.80 14.72 14.88 10.32 15.70	463.38 427.08 731.42 1720.95 468.26 201.19 104.63 116.22 136.39 434.60 447.95 335.11 999.60 1399.30 338.91 211.97 445.95 430.77 387.90 255.66 441.95 451.95 461.95	463.98 455.99 70.96 107.95 107.95 107.95 107.95 107.95 107.95 108	448.68 200.28 114.51 538.63 458.66 333.90 455.90 778.15 588.85 974.73 188.89 389.35 211.16 420.79 438.16 385.97 109.00 774.13 525.97 440.24	471.00 196.53 115.54 531.22 499.86 332.76 948.84 775.55 576.63 976.13 384.19 214.91 462.22 457.78 384.29 457.78 384.29 457.78 384.29 457.78 384.29 457.78	428.84 345.15 463.72 1756.59 481.26 207.87 149.28 315.47 255.54 741.32 556.66 451.82 532.48 142.57 327.59 142.64 463.55 275.07 264.47 358.25 758.64 409.27 255.76 361.25 758.64 409.27 255.76 361.25 758.64 409.27 255.76 361.25 758.64 409.27 255.76 361.25 758.64 409.27 255.76 361.25 3
71 85 99	Investment Trusts (108) Mindag Finzaco (4) Overseas Traders (15) ALL-SNARE INDEX (750)	448.47 322.79 500 <u>.28</u> 454.25	+0.4 +0.1 +0.6 +0.2	5.78 7.29	4.52 7.48	22.29 21.28	322.41 497.22 453.38	327.91 494.61	325.46 490.68	318.44 489.63	227.39 373.66
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	. FI	XED	INTE	REST			REDEMPTION YIELDS	Sept. 8	Sept. 7	(approx)	
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5		126.49	+0.22	126.46 102.55	0.02	9.04 7.41	11 12 13	Debs & Lases 5 years	12.43 12.29 12.19	12.43 12.30 12.21	12.58 12.58 12.57
-	Designation .	76.37	+0.06	76.37	-	5,01	_		12.92	12.92	13.58

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 48Y, price 15p, by post 28p.



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(Report)

Financial Times Friday September 9 1983 INDUSTRIALS—Continued

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Offshore and Overseas-continued

Daily Scalings.

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Insurances—continued

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Commercial Union Group
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TSB Life Ltd
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Property Fd 97.2 102.4
Fixed int Fd 97.7 102.9 +0.2
Money Fd 97.3 102.6
Equity Fd 111.4 117.3 +0.5
Windsor Life Assurance Co Ltd
Royal Albert Hee, Sheet St. Windsor 65

ASIAN ENERGY

CANCELLATIONS AND DELAYS SHORT-SIGHTED, SAYS BECHTEL CHIEF

Alternative fuel 'still good sense'

BY CHRIS SHERWELL IN SINGAPORE

MANY alternative fuel and electric power facilities still made economic sense as long-run substitutes for cellations and delays which have occurred lately have been short-sighted, Mr Harvey Brush, executhe Bechtel Group, said on the sec-ond and final day of the Financial Times Asian Energy Conference in

since 1979, and in the past two years projects involving such altand oil shale had come to look uneconomical Bechtel had concluded

In addition, the use of natural gas was expected to grow, with research to convert it into gasoline and methanol continuing. Coal use would also rise, with applications in transport fuels and synthetic gas as

Mr Brush argued that, for Asian countries beyond 1990, the cheapest method of generating electricity ventional coal-fired generating ca-pacity and nuclear light water reactors. For countries with the resources, natural gas, hydro and geothermal sources also offered major opportunities.

Mr Paul Applegarth, director of Bank of America's project finance group, said that Asian countries Lloyds International in Australia. ought to be able to attract sufficient funds to meet the capital requirements for their energy development

however, project sponsors should not only promote their project -preferably by selling it to lenders already familiar with the country or the type of project - but they should also consider combining several similar small projects into one, especially in the case of alternative

said, countries should consider political risk insurance or financing with the multilateral development agencies.

Host countries should also seek from financial institutions advice and counsel as well as help in raising funds.

The best way of avoiding cost and time over-runs on energy projects was to do in-depth project appraissals, make contingency plans and monitor the project better, according, to Dr Jayanta Madhab, energy adviser at the Manila-based Asian Development Bank.

The most relevant uncertainties he said, concerned projections of likely demand, supply constraints (whether physical, economic or political) and uncertainties springing from budget or revenue constraints.

It was not always possible, however, for external agencies to undertake the necessary complex analy-

One form of contingency plan ning, he said, was to leave scope in advance for a rescheduling of the project, particularly of expensive commitments in it, in order to minimise costs, should external circumstances change.

For lenders in energy projects, risk was the critical issue, said Dr Tony Parkes, director of the corporate advisory services division of

Until three years ago, bankers were not prepared to accept a "com-pletion risk" - that is, they insisted on prompt repayment if the project was not completed. This had since changed, although the "wheel has turned back a little," he said, since the lenient completion undertakings involved in the Woodside LNG project off Australia and two east-

In certain coal and natural gas projects, he added, lenders were no

rioration in the market would mean the non-achievement of projected sales. Lenders were also assessing more stringently whether projects would produce projected cash flows,

by testing their sensitivity to high interest rates, changing prices and

FINANCIAL TIMES ASIAN **ENERGY**

One recent innovation was to separate credit risk and actual funding, and to produce a package of differ-ent funding facilities to reduce a borrower's costs while encouraging bank participation. Other innova-tions had included leveraged leasing and interest rate swaps.

Mr Edward Faridany, director of the Offshore Liquefaction and Shipping Company in London, said there were instances where a smallscale offshore liquefaction system could make economic a field which would otherwise not be developed.

These fields would probably be of associated gas, producing 60m to 100m cu ft a day and lying within 750 miles of potential receiving centres. They would probably service electric power stations or petrochemical plants.

Marginal offshore gas fields, in other words, could be developed only if local markets existed. The idea would be to locate a floating lique faction plant offshore and use marine transport to link the field to users, all at a lower cost than a pipeline would dictate.

Analysing the international market for natural gas, Dr Sergio Cam- ernise gas turbines.

Where there was political risk, he accept so-called bi, vice-president for international countries should consider po-Agip company, said that new markets and customers would have to be found for the reserves expected to be available in the near future. Developing countries, especially the gas producers themselves, would be

This would necessarily involve governments, the oil and gas companies and financial institutions such as the World Bank.

The companies were needed not only to assess and exploit reserves but also to develop and sell their finds in the domestic market when they were not to be exported.

Discussing an alternative means by which companies might provide technical goods and services, Mr Grant Bowler, a petroleum consultant, suggested that these be franchised to companies fully owned and managed by the country con-

This would put the local company "in the driving seat" without foreign equity involvement, while quality control would be maintained through the foreign company. The franchisee would sign a long-term contract, pay a fee and agree to exclusive use of the franchiser's systems. The franchiser would have an arm's length transaction with no financial investment and minimum

Dr Horst Kerlen, vice-president of AEG-Kanis Turbinenlabrik, discussing ways of increasing efficiency in power generation, described how a combination of steam and gas turbine plant could save capital costs as well as boost efficiency to 47 per cent.

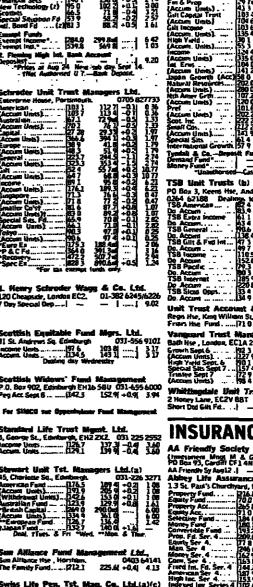
By contrast large modern stations had reached a maximum efficiency of 44 per cent at full load. The combination arrangement, he said, could also be used to replace obsolete steam generators or mod

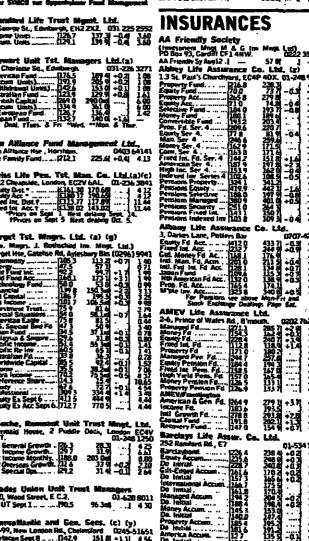
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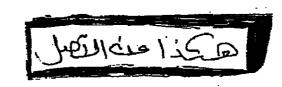
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Britannia Gg. of Unit Trusts Ltd. (a Kc)(g) Salesbury House, 31, Firebury Cyron, London EC2 01-538 0478:0479 or 01-588 2777 Britannia Verwonint 01-673 0048 **UNIT TRUSTS** | Section | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Cont

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The joint agricultural weather facility of the U.S. Departments of Agriculture and Commerce said in its interand Commerce said in its inter-national weather and crop sumary, that there was wide-spread spraying of fungicides in New South Wales and Victohia to contend with stripe triet disease

In Queensland, there was some early harvesting of the northernmost portion of the wheat area, but in general, the crop was two to three weeks ehind average development.

Most of the wheat crop is still in vegetative growth stages and weather conditions will affect yield prospects during the growth stages

In Argentina, the second consecutive week of rains brought an end to the long dry spell during the planting season, the departments said. Topsoil moisture supplies will continue but new tenancies had improved considerably it will be for life only. reported, aiding early vegeta-tive growth of the wheat crop. Wheat yield prospects have substantially improved, but weather conditions during the next two months will determine

the outcome, it added.

The recent rains also improved pre-planting conditions for Argentin's maize and other

spring-sowing crops.

Mostly dry weather covered Brazil's wheat and coffee areas and the dryness in recent weeks over Southern Brazil highly benefited agriculture.

Mild weather promoted wheat development, pushing the crop into the reproductive cycle and early grain formation period. The dryness in Sao Paulo aided citrus and coffee harvest-

Dry weather in northwestern China and parts of the North China plain in the week ended September 3 benefited maturing cottop, maize and soyabeans.

PRICE CHANGES •

LME plans own private compensation fund

THE LONDON Metal Exchange has decided to go it alone on private client protection by joining its own compensation fund rather than joining in a scheme being drawn up by London's other commodity ex-

changes. Under a plan announced yesterday, the LME will guarantee deposit refunds in the event of the failure of a member company up to a maximum of £7,500 This figure is in line with

compensation allowable under the Banking Act deposit scheme, from which commodity exchange members are exempt. It is also likely to be the maximum compensation offered under the scheme being considered by the other exchanges. In order rather than risk re-

At a meeting, the joint ex-changes committee "noted" the The LME attributes its rechanges committee " noted " the LME's decision to operate its own compensation fund and an-nounced the formation of a formulation committee to draw up its own plan. The committee is expected to hold its first meet-ing towards the end of this

The flurry of activity on client protection in the commodity trade has its origins in the report issued last year by Pro-fessor L. C. B. Gower which highlighted the present unsatis-

Justance to row in with the others to the "fundamental difference" of its own principal's contract system from the clearing house system operated in the other markets.

bers and their clients take their own risks while other London exchanges work on a risk-sharing basis. Financial details of the LME compensation fund have not yet been revealed but it will be financed by a cash fund sub-

scribed by members backed up by members' guarantees and, if necessary, a catastrophe in-surance policy taken out on behalf of the exchange.

may enable it to operate its plan more cheaply than if it threw in its lot with the others but Mr P. G. Smith, its chairman, denies that this was a major factor in its decision. "The money factor has not played a great part at all," he said yesterday. "It is simply a matter of mechanics." This means that LME mem-

The Metal Exchange still hopes it will be able to cooperate with the joint ex-changes committee in other nonfinancial aspects of client pro-tection such as the drawing up of a code of conduct for brok-ers and the monitoring of accounts and aims to maintain close contact with the formulation committee. The LME's decision is not

probity and financial soundness thought to have come as a great surprise to the rest of the always been fiercely independent and proud of the trusting relationship its members have with their clients. There have always been doubts therefore about it accepting any dilution in the control it exerts over its members' operations.

There is, however, a growing body of opinion within the LME in favour of the adoption of a clearing house system for metal trading and some traders, including those who operate on other markets as well as the LME, will view with disquiet the apparent inability of the commodity establishment to present a united front in the face of attacks from without.

Conflicting desires in rented farm sector

AGRICULTURE Minister Mr Michael Jopling proposes legis-FARMER'S VIEWPOINT: lation to alter the present farm By John Cherrington

tenancies arrangements. Existing tenancies—which include rights of succession for two generations of close relativeswho get possession would sooner farm the land themselves. The other main provision will be a formula for fixing rents

according to the quality and productivity of the land when farmed by a competent farmer. Where landlord and tenant cannot agree, this formula is to be worked out by arbitration under the terms of the current Act. The new measure is the result

of a compromise between the NFU and the Country Land-Association. owners' former is under pressure to try and make more rented farms available to the young farmers who flood from the colleges

every year. But landlords are not particularly keen to let. The reasons are obvious. A farm with a tenancy is worth only half its vacant possession price. Income from rents is treated as un-earned income and there are other fiscal disabilities. More-over, most farming is reason-ably prosperous and landlords tions first surfaced, Mr Peter Walker, the then Minister of Agriculture, refused to bring in

It is difficult to see from these proposals any increase in the number of farms to rent. The landlord and tenant system has legislation pleading a number of excuses including lack of Opposition support been declining for a long time. At the turn of the century, 90 per cent of farm land was rented. Today the figure is under 40 per cent, and is probably still falling.

Some would say the system has outlived its usefulness. In much of the 19th and early 20th Century landowning was valued. NFU leaders have pledged their agreement but many tenant farmers are more than sceptical. The rent fixing formula was put forward to woo them. This has alarmed the land-

Century, landowning was valued as much for its prestige and sporting advantages as for its economic returns. Only institutional landlordism increasing. Oxford and Cambridge colleges, the Church and other ancient foundations have been joined by insurance and city companies. They do not

suffer the fiscal penalties of pri-vate landlords. Some still let tenants with them as a soften-ing-up process when raising farms to tenants and would probably continue to do so as a Tenant farmers say that these natter of policy.

high offers are a form of key
When the proposed alteramoney, willingly paid by a far-

mer wishing to expand acreage from a cheaper base and prepared to spread overheads. But tenants say this should not apply to the ordinary farmer.

The land agents see no way in which a system based on such vague criteria as land quality could ever work. What better criteria could there be, they ask, than the competitive bidding of farmers in a free mar-

tenanted farms have been purchased on a yield basis of 3 per cent, and investors, particularly corporate landlords, wish to see steady improvements in return and capital value.

If rent fixing disregarded the scarcity effect of the tender process and had to rely instead on academic or bureaucratic criteria of land quality, anything could happen to values—and of course to agents profits.

Their anxieties can only be aggravated by looking at the position in France, where rent fixing is based on land quality and actual prices for produce. Rents in general appear to be about 10 per cent of gross returns. In England today they approach 25 to 30 per cent.

World cotton estimates up

WASHINGTON - The International Cotton Advisory Committee (ICAC) has estimated 1983/84 world cotton production at 65.21m bales, compared with last month's forecast of 65.16m bales and 67.75m bales in 1982/83.

1982/83.
The group's monthly report put 1983/84 world cotton consumption at a record 68.46m bales, up from 68.30m last month and 66.80m bales in 1982/83.
The ICAC said world cotton stocks at the end of the 1983/84 season will total around 24m bales, down 3m bales from a year earlier and representing an year earlier and representing an

end to the world surplus. The increase in cotton consumption will take place mainly in China, the U.S., India, Egypt and South Korea, it said.
Cotton consumption in China
will reach a record 16.7m bales
in 1983/84, up from 16.1m bales
in 1982/83, it said.

Cotton use in the Soviet Union should advance to 9.1m bales, up 60,000 bales from 1982/83. Consumption is likely to be unchanged in Eastern Europe, the ICAC said. Consumption

Europe is projected to increase slightly in 1983/84

Aluminium **futures** rally after setbacks

By John Edwards

ALUMINIUM futures railied on the London Metal Exchange yesterday after the Exchange yesterday after the sethack suffered on Tuesday and Wednesday. Cash aluminium closed £10.25 higher at well below the record level of £1,114.5 reached on Monday. Traders said there was a flurry of covering of "short" (sale) positions in early trading, but the market remained.

(sale) positions in earty tracing, but the market remained
highly volatile with some continued selling and profittaking keeping prices back.
However, the upward move
was encouraged by news that
Alean Aluminium has temporarily withdrawn its list prices for ingots in the U.S., which is assumed to mean which is assumed to mean than an increase is imminent. Alcan has so far not followed the move by Alcoa and other U.S. producers to lift their domestic selling prices by 5 cents to 81 cents a pound

last month.

The question is now whether Alcan will follow to 81 cents or possibly go even higher. Meanwhile, the West German subsidiary, Alusuisse, announced it has raised its

announced it has raised its domestic selling price.
In Tokyo, Showa Aluminium Industries said it was negotiating with consumers to raise prices to Yen 490,000 per tonne for October-December delivery from a range of Yen 450-460,000 previously. Showa said a domestic price of Y500,000 was needed to enable aluminium smelters

to enable aluminium smelters in Japan to break even. Copper prices were also firmer on the London Metal Exchange yesterday; higher grade cash gained £5.75 to £1,072.75 a tonne. But cash zinc fell by £6.25 to £567 a toune and tin also lost ground. Cash tin closed £74 slower at £8,553.5 a toune. as speculative and trade selling was only partially countered by continued support brying from the buffer stock of the

2p added to price of top grade eggs

By Our Commodities Staff EGG PRICES are going up again, by 2p a dozen for the two top grades, and by 4p for the smaller grades. The latest round of price rises, following on last month's rises of up to 8p a dozen, re-flect corrective measures taken

to relieve the glut conditions which depressed prices earlier in the year.

Producers have been reducing the number of egg-laying hens and this has brought supply more in line with demand, which has risen slightly as the colder weather stimulates interest in baking and egg-based

• THE BRITISH fishing industry has been awarded grants totalling £3,548,412 from the European Commission. The grants are designed to modernise the fleet and encourage viable fish farming projects. ● JAPAN'S TWO rubber exchanges are planning to create an "associate membership" an associate memoersnip category to encourage trading by foreign firms. Associates would pay lower commission fees and have lower margin requirements than other outside doing business on the Tokyo

and Kobe exchanges. • INDIA'S agriculture ministry is predicting a large oilseed harvest in 1983-84 but private oil traders say it is too early to make accurate predictions. • THE FRENCH farmers' union expects output to fall this year because of heavy spring rain and summer drought. It

says Government emergency measures announced so far would not redress farmers' problems AUSTRALIAN beef and veal production in 1984 is projected at just over 1.31m tonnes compared to 1.39m tonnes estimated for this year. Next year's beef and veal exports are forecast at 600,000 tonnes compared to an estimated 730,000 tonnes this year.

BRITISH COMMODITY MARKETS

in tonnes unless stated otherwise	Sept. 8 1983	+ or	Month ago		Sept. 8 1985	+ or	Mon
Metals '			!	Oils			•
Aluminium	£1050		2950	Coconut (Phil)	#985y	·	81000
Free Mkt	8 1665/1685		81585,615	Groundnut	81040y		: :
Conner		. ,		Unseed Crude	T440.40	: :	£870
Cash h grade	£1072.75	+5,75	£1084_25	Paim Malayan	\$620u		. 523
3 mthe .	£1101.75	+6.5	£1122.25		l		1
Cash Cathode	£1040,5	+6.5	£1087.75	Copra Phili	5640x	` — 5	i\$656
ð months	£1070	+7.5	£1034,25	Soyabean (U.S.)	£359.E .	<u>-4.5</u>	\$328
Gold troy oz	9414.970	+ 0.75	24 I I.023	Grains	i i	i	· · ·
Lead Cash Smonthy	2208.123 2972 196	-U_126	C290 75	Barley Fut. Nov	6110 30	O 24	6116
Mickel	eagus za	*	£4600,75	Maize	C 144 00	- 0.0-	1141
Free mkt	225:255c	,	215,235c	Wheat Fut. Nov	£124.75	+0.15	£128
Free IIIRE			:	No2 Hard Wint			i z
Palladium	8154.50	+0.5	8144.00	Other	•		
Platinuml	£295.05	-0.85	£289.70	commodities	1	ŗ	:
Quicksilvert	\$265.295		8 260:260	Cocoa ship't'	£1520	+3	£168
Silver trov oz'	815,60p	. + 2,50	785,80p	Fut. Dec	£1459 5	12	£161
8 mths	م834.60	+2,10	803.70p	Coffee Ft. Nov	£1688.5	. 44	£169
				Coffee Ft. Nov Cotton A. Index	92.20c	1	90.15
Tin çash	£8553.5	— 74	£8627.5	Gas Oil Oct	\$253,76	3 <u>.</u> 5	\$261,
8 month	28677.5	 64	£8717.5	Gas Oil Oct Rubberi kiloj	77.25p	_ 1,25	81p
Tungsten	\$74,81	I	, \$82,73	Sugar (Raw)	£158y	j+1	£177
				Woolt ps 64 z.	395 p klio	+2	∙385pk
Wolfsm 22.04 lb	\$76,82		278.77			_	
Zinc Cosh	£567		£5.25.25	‡ Unqueted.	Z Aug-	sept	UN
5 mtht			£550.825	y Sept-Oct. x	Oct-Nov.	v 00	:. ti
Producers	\$58Q	:	. \$820	161b Øask. * G	hans cace	10. N	Nomin

LONDON OIL SPOT PRICES

		Chang
CRUDE OIL-FOB (S		
Arabian Light	28.60-28,70	
Iranian Light Arabian Heavy .	28.20 26.60-26.65	
North Sea :Forties:	50.20 50.50	
North Sca (Bront)	:50.60	i -g.
Africani Bonny Li'ht	::30.90	- 0,
PRODUCTS-North	West Europe	s r tonn

GOLD MARKETS

Gold rose just \$\frac{3}{2} an ounce from Wednesday's close in the London bullon market yesterday to finish at \$414-414. The metal opened at \$414-415 and traded between a high of \$414-415; and in the way of fresh news to affect LONDON FUTURES trading.

FFr 108,000 (\$413.86) on Wednesday afternoon. in Luxembourg the dollar per ounce equivalent of the 121 kilo bar at the fixing was \$414.35 from \$413.25. between a night of \$3144-4151 and tront \$315.25. a low of \$413-4131. The market in Zurich gold finished at was extremely quiet with nothing \$413-416 from \$412-415.

Turnover: 3,198 (2,541) lots of 100

GAS OIL FUTURES

5 U.S. I

In Frankfurt the 12½ have was fixed at DM 35.815 per kilo (\$415.98 per ounce) against DM 35.845 (\$413.98) previously and closed at \$4133.414½ from \$413.413½.

In Paris the 12½ kilo bar was at FFr 108.200 per kilo in the after the after \$43.50.35.0.42.0.250.0.425.005.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.425.0.425.0.255.0.255.0.425.0.255.0.255.0.425.0.255.0.2 Month Yest'rday's +or Business Done

Sopt 8 (£2771g-278) 841314-414 (£2771g-278) 841214-4131g Gold Coins Sept. 7 Krugrnd 5427 42712 12 Krg | 8220 22012 14 Krg | 81124 115 13 D Krug | 8453 4612 Maplelant | 84254 42714 New Sov | 59712 984 12 New Sov| 55812 59

EUROPEAN MARKETS

ROTTERDAM, Sept. 6.
Wheat—(U.S. \$ per tonne): U.S.
Two Rod Winter Oct 188 50, Oct 172.75,
Nov. 175 25 sollers. U.S. Northern
Spring 14 per cent protein Sept. 184 70,
Oct. 184 50, Nov. 186 50, Doc. 190 25,
U.S. Throe Amber Durum Sept. 204,
mid-Sept/mid-Oct. 205, Oct. 209, Nov.
212. Nov. 20, Doc. 20. 214, April: May 218.
Maize—J.S. Three Yellow Sopt. 166,
Oct. 161 50, Nov. 162. Doc. 164, Oct. Doc.
162 50. Jan, Mar. 167 50 sellers.
Argentino Sept. 172, 175 sellers.
Soyaboans—(U.S. \$ per tonne): U.S.
Two Yellow Gulliports Sept. 353.50, Oct.
355.75, Nov. 358, Dec. 253, Jan. 367.75,
Fob. 372.50, Mer. 375 sellers.

Soyamoal—44 per cent affect 283. Sept 282, Oct 282, Nev 289, Dec 292. Nov Mer 295 sellers. Pellets Brazil effect 293, Sept 298.50, Oct 304. Oct/ Dec 310 sellers. Pellets Amenine 356at 288, Aug 291, Sept 292, Oct 293, Nev 300, Jan Mar 303 sellers. PARIS, September 8.

PARIS, September 8.

Cocoe—(FFr per 100 kg): Sept 16901720, Dec 1771-1778, March 1812-1816,
May 1831 bid, July 1855 bid, Sept 1890
bid, Occ 1905 bid,
Sugar—(FFr per tonne): Oct 22072211, Dec 2372-2390, March 2526-2530,
May 2615-2825, Aug 2695-2705, Oct 2750-2760.

BASE METALS

BASE-METAL PRICES were generally firmer on the London Metal Exchange. COPPER dipped to £1096.5 in initial trading owing to trade selling, but rallied to close at £1104.5 on short covering. Trade buying and currency considerations were responsible for late gains in ZINC, which rathed from 1583 to close at £589.5, while ALUMINIUM closed at £1128.25 and NICKEL at £342. TIN was finally £8672.5.

High Grde £ £ £ Cash...... 1067,5-8 +5.5 1072,5-3 +5.75 3 months 1097 5 +2 1101,5-2 +5.25 1035-6 +4.75 1040-1 +6.5 1062-5 +6.25 1093-5-70.5 +7.5 1036 +5 -77-81 ----Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1058, three months £1098, 97. Kerb: Higher Grade: Three months £1097.5, 98. Afternoon: Higher Grade: Three months £1099, 1100, 1100.50, 01. 01.50, 02. Kerb: Higher Grade: Three months £102, 03. 03 50, 04. 04.50, 04. Turnover: 2,1250 tonnes.

market opened \$2.00 lower but puckly as trade and speculative g emorged. A weak New York pt depressed prices again in the loan, roports Premier Man.

TIN	a.m. Official	+ or	p.m, Unofficial	+ 0
High Grde, Cash 5 months Settlem't Standard,	8580-5 8700-1 8585	£ -45 -45	8555-60 8675-80	
Cash	8575-80 8700-1	-43.5 40	8552-8 8675-80	-74 -64
Settlem't Straits E. New York	:\$30,42	+0.05		

-Morning: Standard: Cash £8600, 8580, three months E8730, 20, 15, 10, 05, 8700, 8701, 8700 Kerb: Standard: Three months £890, 85, 90, 80, 85, 80, 75, Alternoon: Standard: Three months £8680, 85, 60, 75, 90, Kerb: Standard: Cash £3565, three months £8670, 75, 76, 77, 76, Turnover: 3,835 tonnes.

LEAD

LEAD Official - Unofficial -1 Lead—Morning: Cash £263.50, 63.25, three months £74, 73.50, 73.25, Kerb: Three months £73, Alternoon: Three months £73, 72.50, 73, 73.25, Kerb: Three months £73, 72.50, 72. Turnover: 12,500 tonnes.

ZINC ZINC | Official | - | Unofficial -t

£ £ £ £ £ £ £ £ 573.54 -,125 566.5-7.5-6.28 683.25 -1 5884 -5.75 574 Zinc—Morning: Cash £574, three months £591, 90, 89, 89, 5, 89, Kerb: Three months £589, 88, 97, 50, Afternoon: Three months £587, 85, 84, 85, 86, 87, 86, 85,50, 85, 84, 83, Kerb: Three months £588, 87, 86, 86,50, 87, 88, 89, Turnover: 9,300 tonnes.

ALUMINIUM

a.m. + or, p.m. + of official + cunofficial Spot 1038.5-9 -3.76 1988.5-1199 +8.25 3 months 1126,5 7 +5.5 1128-5 +11

NICKEL

Spot 5325 8 -1 333540 +15 5 months 5410-2 +5.5 5421-5 +11.5 Nickel-Morning: Three months £3410.

18, 15, 12. Kerb: Three months £3412. Aftrenoon: Three months £3415, 18, 19, 18, 17, 20, 25, 21, 20, 21, Kerb: Three months £3425, 26, 20, Turnover: 1,212

lords and their agents. At pre-sent, an arbitrator is directed

to take account when fixing a rent, of rents willingly agreed between landlord and tenant. There are few of these ex-

amples around, but a certain number of farms are let by ten-

der. Agents are said to produce

the tender figures of some very

high rents offered and threaten

SILVER LME—Turnover: 180 lots of 10,000 ozs. Morning: three months 837, 37.50. Kerb: 837.5, 38.0. Alternoon: three months 839.0, 38.0. Kerb: three months

SILVER Buillon + or L.M.E. + or p.m. troy cz. price Uhoffic'i troy oz. Silver was fixed 2.5p an ounce higher for spot delivery in the London builton market yesterday at \$15.6p. U.S. equivalents of the fixing levels were: spot \$12.175, up 2.7c; three-month \$12.474, up 1.5c; six-month \$12.474, up 0.4c; and 12-month \$13.436, up 0.8c. The metal opened at \$15-818-p (\$12.18-\$12.22) and closed at \$16-2.819 (\$12.18-\$12.22) and closed at \$16-2.819 (\$12.18-\$12.22).

COCOA

Trading conditions were fairly inactive with futures moving within a
E23 range. Apair from light price fixing
the physicals raflected the general lack
of interest, reports Gill and Duffus.

COCOA Close + or Business
Done + or Busines £pertonne 1410-14 1459-60 1477-76 1493-94 1503-05 -2.0 1414-94 +3.0 1466-43 +3.5 1481-60 +0.5 1496-82 +1.0 1507-98 -3.0 1508 Sales: 3,662 (3,802) lots of 10

tonnes. ICCO—Indicator prices (U.S. cents per pound): Daily price for Sept 8: 96.56 (96.45): five-day average for Sept. 9: 95.85 (95.88). COFFEE

Keen trade and commission house interest in a narrow range produced an active seasion, reports Drexel Burnham Lambert. Despite early afternoon commission house pressure, values were able to close steedler as selling orders gradually evaporated. COFFEE Yest'day's + or Business
Close - Done

.1704.05 +1.0 1705.95 .1688.89 +4.0 | 1689.80 .1676.77 +7.5 1676.69 .1645.46 +5.0 1646.89 .1622.27 | +5.5 1622.20 .1698.00 +4.5 1600.88 .1580.90 +8.5 GRAINS

WHEAT BARLEY 116.60 +0.15 119.30 -0.15 122.25 -0.15 125.00 -0.10 127.20 -0.85

expected to remein unchanged.

LONDON GRAINS—Wheat: U.S. Dark
Northern Spring No. 1 14 per cent.
Oct 134.75, Nov 135.75, Dec 138.25
transhipment East Coast sellers.
English feed fob, Nov 127.75, Dec
129.75 East Coast sellers. Malzes
French, Sept 144 transhipment East
Coast seller. Barley: English feed fob,
Sept 118 East Coast Scotland, Oct 122.
Oct/Dec 124 East Coast sellers, Sapt
119 paid East Coast. Rest unqueted.

After being initially easier buyers, in light trade. Illind prices to show gains of up to £6 before they eased on profit-taking at the close, reports Colog.

£ per tonne RUBBER

The physical market opened slightly-easier, dritted lower throughout the day and closed on an easy note, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 256.5 (259.5) cents a kg and for SMR20 219.5 (222.0). No. 1 Yestday's Previous Business

SOYABEAN MEAL The market opened £4 down, reports
T. G. Roddick, it remained easy during the afternoon trading in a Yestday's + or Business close - Done

April...... June...... August SUGAR

LONDON DAILY PRICE—Raw sugar 158.00 (£157.00) a tonne for Sept-Oct shipment. White sugar £181.00 shipment. White sugar £181.00 (£180.00). Reports that vessels were being delayed in the Philippines through lack of sugar at the ports littled prices over the day, reports C. Czamkow. No.4 Yest day's Close Cl

Seles: 3,685 (3,940) for of 50 tones.
Tate and Lyle delivery price for granulated basis white sugar was £405.9 (same) a tone for home trade and £287.50 (£266.50) for export.
International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for September 7: Deliy price 9,68 (9.90): 15-day average 10.07 (10.11).

HIDES HIDES—Menchester, Leeds (Birmingham). Second clears. Ox: 31-35.5 kg. 79.2p a kg. 79.1p a kg withdrawn (79.6p); 28-30.5 kg. 79.9p a kg. 80.5p a kg (80.0p); 22-25.5 kg. 91.4p a kg. 91.6p a kg (91.0p). Cows: 25.5 kg. 88.6p a kg withdrawn, 89.2p a kg (88.0p).

COTTON LIVERPOOL—Spot and shipment sales amounted to 14 tonnes. Almost inevitably the office dwindled after the extensive activity earlier in the week but users continued to show interest in various styles. Numerous growths attracted attention, with demand increasing in American type qualities as well as a few long stable cottons.

MEAT/FISH

GRIMSSY FISH—Supply fair, demand good. Prices of ship's side (unprocessed) per atone: shelf cod £5.00-£8.00, codlings £4.00-£5.00; medium haddock £3.80-£5.00, small £2.50-£3.80; large place £5.50-£8.00, medium £5.00-£5.80, best small £4.00-£5.00; shunned doghsh (large) £14.00, (réadium) £8.00; leman sole (best) £72.00, (small) £7.00; rocksh £4.00-£4.30; saithe £1.50. MEAT COMMISSION—Average fat-stock prices at representative markets GB—Cattle \$6.03p per kg tw (+0.55). GB—Sheep 132.29p per kg est dcw (+14.47). GB—Price 79.71p per kg tw (+10.53).

COCOA 10 tonnes, \$/tonnes

0.16-0.20. Bush 0.10-0.12. President 0.20. New Potatoes—4 80-5.50. Mushrooms—Per pound open 0.60-0.70. closed 0.90-1.10. Lettuce — Per tray round 1.20-1.40. Webb's 2.20-2.40. Cos 7 60-1.80. Iceberg per dozen 7.50-8.00. Onions—Per 65 ib 3.50-4.00. Cebhages—Per 25 ib Pr-tro 4.00-4 80. Greens—28 ib Kent 3.00-3 20. Cauliflowers—12's Lincoln 3.80-4.20. Cucumbers — 2.00-2.60. Tomatoes—Hothouse 12 ib 1.60-1.70. Calery — 3.50-4 00. Bestruots—28 ib 3.40-3.60. Turnips—28 ib 3.50, Stick beans — Per pound 0.20-0.28. Swedes—28 ib 2.80-3.00. Sugar pess—Per pound 1.50-2.00. Capsicums—Green per pound 0.25-0.28. Corn cobs—Each 0.06-0.14. Leeks — Per pound 0.30. Carrots—28 ib 2.60-3.00. Paranips—28 ib 3.60-4.00.

INDICES

FINANCIAL TIMES Sept. 7 Sept. 5.M,th ago Y'ar ago 291,70 292,22 289.63 | 230,28 (Base: July 1 1952=100) REUTERS Sept. 8 Sept. 7 M'th ago .Y'ar ago 1907.4 1907.6 1941.0 1525.5 (Base: September 18 1931-100)

Sept. 8 Sept. 6 M,th ago 'Y'ar ago 1076.9 1080.7 1080.6 1008.7 (Base: December 31 1974-100) DOW JONES Dow Sept Sept Month Year Jones 8 7 ago ago 1 Spot 144.94 145.55 144.24 180.79 Fus.t :151.85:152.08 :149.75:156.55 (December 31 1931=100)

MOODY'S

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated, imported produce: Tambora—Outspan: 5.00-6.90. Tengerines—Brazilian Honey, tray 4.70-5.20, Murrotts 3.20-3.50; Austraina: Eliendeles 8.00. Oranges—Outspan: 5.50-6.90. Tengerines—Brazilian Honey, tray 4.70-5.20, Murrotts 3.20-3.50; Austraina: Eliendeles 8.00. Oranges—Outspan: Eliendeles 8.00. 12.00, 48 6.80, 56 7.70, 72 7.40. 88 7.00, 112 6.10, 138 5.80, 150 5.00; Brazilian: Valencia Lates 6.00. Lemons—Outspan: carton 12.00-14.50; Uruguayan: carton 10.00-12.00; Spanish; 5-kg 4.20-4.50; Italian: carton 9.00-10.00, Grapefrui—Outspan: 27 5.70, 32 6.70, 36 6.90, 40 6.80, 48 7.40, 56 7.40, 67 7.40, 72 5.00; Honduras: box 8.50-7.00; Dominican: 6.00-7.40. Apples—French: Golden Delicrous (new crop) carton 5.80-6.00, hell-carton 3.10-3.20, Murtsu 19.00; Spanish: Golden Delicrous (new crop) carton 3.00-3.20, Murtsu 19.00; Spanish: Golden Delicrous (new crop) carton 5.00-6.50, Granny Smith 9.00-10.00. Pears—French: per pound Willems 0.13-0.14; Italian: Williams 0.15-0.20, Grapes—Italian: Per pound Regina 0.20-0.22, Alphonse 0.34-0.36, Italia 0.30-0.34; Spanish: Italia 0.30-0.33; Alphonse 0.25-0.28; Greek: Sultana 0.20-0.22; French: Alphonse 0.25-0.28. Peaches—Italian: large trays 3.80-4.80. Plums—Italian: large trays 3.80-4.80. Plums—Italian: large trays 4.00-6.00. Medons—Spanish: yellow 10-1g 2.60-3.00; French: 13-1ge trays 4.00-4.60. Bananas—Colombian: 40-1b boxes 10.60-11.00. Avocados—South Afrusn: 5.50-6.00; Kenyan: 5.00-5.50. Fennel—Dutch: Lan 5.70-5.50. Pew Pews—Brazilian: Lan 5.00-5.00. Galda large trays 4.00-5.50. Fennel—Dutch: Lan 5.70-5.50. Pew Pews—Brazilian: Lan 5.00-5.00. Galda large 17-90-5.50. Pews-Brazilian: Lan 5.00-5.00. Sp. 50. Sp. 50. Pews-Brazilian: Lan 5.00-5.00. Galda large 17-90-5.50. Pews-Brazilian: Lan 5.00-5.00. Sp. 50. Sp. 50. Pews-Brazilian: Lan 5.00-5.00. Sp. 50. Sp. 50. Pews-Brazilian: Lan 5.70-5.50. Pew Pews-Brazilian: Lan 5.70-5.50. Pew Pews-Brazilian: Lan 5.70-5.50. Pew Pews-Brazilian: Lan 5 Avocados—South Afrusn: 5 50-6 00; Kenyan: 5.00-5 50. Paw Paws—Brazillan: 7.00-7:50. Mangos:—Mexican: box 8 00-9.00; Israeli: 8.00-8.50. Fennel—Dutch: 5-kg 5.20-5.50. Kiwfruin-New Zeatond: 6.20-6.50. Tomatoes—Dutch: trey 1 88-2.00 Beefsteak 4 004-4.20. Aubergines—Dutch: 5-kg 3.50-3 80 Onics—Spannen: Grano 25-ig ners 3.80-4 00; Dutch: 50/70mm 4 00-4.20. Capsicums—Outch: yellow 7.50. green 3.50. red 4 50-5.00. Cabbages—Dutch: rod 8.00, whate 8.00. Cabbages—Dutch: rod 8.00, whate 8.00. Capsicums—Outch: yellow 7.50. green 3.50. red 4 50-5.00. Cabbages—Dutch: rod 8.00, whate 8.00. Cabbages—Dutch: rod 8.00, whate 8.00. Sugar Peas—Kenyan: oer pound 1.80-2.00. Globe Artichokes—French: 24s 9 20-9.50. Lettucs—U.S.: Icaberg 30s 18.00.

AMERICAN MARKETS

NEW YORK. Sept B.

Trading in gold and silver was featureless and limited due to the Jewish holiday with activity confined to profit-taking as fresh news remained lacking. Copper attracted light bargain hunt. as dealers withdrew and concern over the Chile situation mounted. Sugar traded in a tight range with selling remaining overhead on concern over the large open interest in spot October. Cocca came under pressure late in the session as early buying by dealors feiled to spark apaculative interest in light of uncertainty

International Tin Council.

NEW YORK

Close 131.95 129.34 127.65 125.65 124.14 122.75 121.52

High 131.95 129.40 127.55 125.40

122.75 121.50

High 73.20

High 80,40 81,75 82,85 83,20 83,30 77,90

May July Sept Dec

COFFEE

surrounding the new crop. Coffee was generally steady reflecting a lack of fresh news. Cotton closed higher as traders covered positions should of the USDA crop report due Monday. Heating oil attrected long liquidation and speculative selling in response to a cut in wholesafe prices in the north-east states due to good swall-ability of products. The grain and soyobean complex traded in a narrow range sheed of a private forecast of malze and soyobean production scheduled for release after the close of trade, raported Heinold Commodities. Letost High Low 1975 1980 1976 2003 2034 1995 2032 2062 2031 2065 2080 2065 2090 2001 2075 2100 2100 2100 2135 2135 2135 11.85 11.70 12.10 11.95 12.32 12.22 12.52 12.38

"C " 37,000 lbs, cents/lb **CHICAGO** LIVE CATTLE 40,000 lbs, cents/lb

High 58.20 58.75 60.40 63.00 64.70 64.05 Close 57.90 58.42 59.97 62.57 64.52 63.85 LIVE HOGS 30,000 fbs. cents/fb Prev 42.40 42.70 46.25 47.65 54.10 54.95 53.77 53.00 64.50 Closs 42.87 42.80 46.15 48.15 54.40 55.07 54.10 53.60 54.90 High 43.10 43.02 46.60 48.20 54.40 55.40 54.75 53.70 54.90 Low 42.46 42.32 45.30 47.35 53.78 55.00 54.10 53.60 64.45 MAIZE 5.000 bu min, cents/58-lb bushel

THARKETS

RATES.

And the same

COPPER 25,000 lb, cents/lb Close 364.6 364.4 372.4 377.4 377.0 348.0 323.4 PORK BELLIES 38,000 lbs, cents/ib GOLD 100 troy oz, \$/troy oz Close 63.17 63.17 64.82 65.62 63.92 High 67,50 63,42 65 00 66,10 64,20 Low 62.55 62.66 64.40 65.50 63.75 Prev 414.5 417.0 423.9 431.4 439.0 446.8 454.8 462.9 471.1 479.4 487.8 496.5 Low Feb March May July Aug 415.6 422.5 431.3 437.5 SOYARFANS 5,000 bu cants/60-lb bushel 454.5 472.5 SOYABEAN MEAL 100 tons, \$/ton Low 242.0 242.8 245.7 247.5 248.5 251.0 251.5 243.0 215.0 Pray 245.8 246.7 249.3 250.3 252.5 254.0 287.2 245.0 238.5 222.8

Cose High 417.8 424.3 424.5 431.8 432.5 439.5 439.2 447.3 455.3 454.7 463.4 471.6 472.5 479.9 488.3 487.0 486.3 497.0 496.5 HEATING OIL 42,000 U.S. gations, cents/U.S. gallons Latest High 83.60 83.60 84.46 84.51 85.05 85.23 86.07 84.00 82.50 81.85 Oct Nov Dec Jan Fab March April 84.07 85.08 85.73 85.54 84.60 83.10 C'010 245.0 245.5 248.0 250.5 252.0 253.5 256.0 246.5 230.0 High 246.0 245.5 249.0 250.5 252.0 253.5 255.5 247.0 235.0 220.0 Sept Oct-Dec Jan March May July Aug Sept Oct ORANGE JUICE 15,000 lb, cents/lb 116.60 112.10 111.36 111.70 111.85 112.60 110.25 109.50 SOYABEAN OIL 60,000 lbs, cents/lb PLATINUM 50 troy oz. S/troy oz Close 439.2 441.2 446.7 451.7 458.7 441.0 446.0 454.5 461.0 5,000 SILVER 5,000 troy oz, cents/troy oz Ciosa High Low 285.0 385.0 381.0 405.0 405.4 401.0 420.0 420.4 476.4 425.0 425.0 421.0 476.2 416.4 472.2 422.4 422.4 418.4 Ciose High Low Prev 28-50 28-10 38-10 38-2 25-0 28-10 38-10 38-10 38-2 25-0 28-10 28 Close 1221.0 1227.2 1249.0 1260.2 1262.8 1305.5 1328.2 1351.9 1384.8 Prs., 1217 5 1228 8 1246.0 1257.2 1279.8 1302.5 1325.2 1347.9 1381.8 High Low 1223.0 1218.0

1348 0 1384.0 **WOOL FUTURES**

SYDNEY GREASY WOOL—Close (in order: buyer, saller, business).
Australian cents per kg. Oct 562 0, 565 0, 562 0; Dec 571 0, 572 0, 571 0; Mar 389 0, 590 0, untraded: May 801.0, 803.0, u/t; Juw 813.5, 615 0, u/t, Oct 508 0, 610 0, u/t; Dec 616.0, 817.0, u/t;

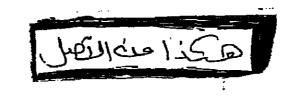
1251.0

1285.0 1306.0

1243.Q

1272 0 1305.7

Mer 622.0. 625.0. u/t. Seles: ?.
LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller,
business). New Zealand conts ner kg.
Oct 426, 427, 428-423; Doc 422, 427,
425-424; Jan 424, 427, 425-425; Mar
433, 435, 435-432; May 444, 448, 444;
Aug 496, 487, 454; Oct 467, 460, 456;
Doc 644, 488, 464; Jan 465, 470, mii
Mor 472, 475, nii. Seles: 59.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES .

D-mark steady on Lombard rate rise

added.

CHICANA THE STATE OF THE STATE

E MR 1

Section .

1000 18415White

Price

U.S. interest rates as a result of the U.S. budget deficit and money supply growth.

The dollar was weaker overall, slipping to DM 2.6775 from DM 2.6870 and SwFr 2.1730 from SwFr 2.1805. It fell against the yen to Y244.55 from Y245.70 and FFr 8.0575 from FFr 8.0560.

STEBLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 84.8 against 84.7 at noon and 84.7 at the opening and compared with 84.6 on Wednesday and 79.6 six months ago. The pound has been

OTHER CURRENCIES

Greek Drachma... 137.75 138.35 92.40.92.70 Hong Kong Dollar, 11.43tz-11.46tz 7.665.7.675 188.35 92.40.92.70 7.665.7.675 188.35 92.40.92.70 7.665.7.675 188.35 92.40.92.70 7.665.7.675 188.35 92.45 92.

The D-mark showed little change after a half-point rise in the West German Lombard rate at 5 per cent. The move was seen as an attempt by the authorities to restrict growth in German money supply.

The dollar was a little weaker ahead of today's money supply figures while sterling once again remained on the sidelines.

DOLLAR — Trade weighted index (Bank of England) 128.9

BOLLAR — Trade weighted index (Bank of England) 128.9

Sterling traded within a narrow range against the dollar.

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Sterling traded within a narrow range against the dollar.

Sterling traded within

EMS EUROPEAN CURRENCY UNIT RATES central rate

+1.23 -0.25 +0.82 -1.03 +0.08 -0.87 -3.27 8.17516 2.27555 6.85084 2.54508 0.724340 1357.65

> Note Rates 27,95 28,25 80,40 81,80 14,28-14,42

DUTCH GUILDER - Trading DUTCH GUILDER—Trading range against the doilar in 1983 is 3.0540 to 2.5755. August average 2.9004. Trade-weighted index 115.5 against 130.0 six months ago. The guilder has weakened against the dollar in line with other currencies but remains comfortably placed against its European partners as D-mark weakness has removed the threat of heavy downward pressure on the French and Belgian francs, and ensured temporary stability within the EMS.

The Dutch guilder showed The Dutch guilder showed mixed changes at yesterday's fixing in Amsterdam. The dolla fell to Fl 2.9985 from Fl 3.016 and sterling was lower a Fl 4.4720 from Fl 4.5060 while the D-mark rose to Fl 1.1190

DM 3.994 DM 4.024.

Biculated by Financi	i limes.		from Fl			1.11502
CURRENCY	MOVE	MENTS	CURREN	ICY	RATE	s
Sept. 8	England	Morgan Guaranty Change %	SEPT. 8		Special Drawing Rights	European Currency Unit
Starling	84.8	—6.5	Sterling	81g	0.702816	0,568986
U.S. dollar Canadian dollar	129.0	+17.1	Canadians Austria Sch			1.04460
Austrian schilling. Belgian franc		+8.2 -11.0	Beiglan F Danish Kr	9	56.4302	45,7579 8,17516
Danish kroner Deutsche mark	79.6	-5,1	D mark	4	2,80694	2,27555 2,54508
Swiss franc	150.7	+6.7 +12.1	French F		8.45248 1675.93	6.85084
French franc		+4.2	Yen Norwan Kr	5 le	257,206 7,81942	308.029 6.33214
∐.'a	50.2	-10.7	Rorwan Kr		7,01842	0.33214

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base ∉verage 1975=100).

*C\$/SDR rate for Sept 7: 1,28881.

THE POUND SPOT AND FORWARD

Sept B	spread	Close	One menth	p.z.	months					
u.ş.	1.4890-1.4950	1.4915-1.4925	par-0.05c dis	-0.20	0.12-0.17dis ·					
Canada	1.8320-1.8390	1.8355-1.8365	0.12-0.02c pm	0.46	0.17-0.07 pm					
Nethind.	4.48-4.49	4.47-4.48	15-15c pm	3.69	41-31 pm					
Belgium	80.20-80.60	20.35-80.45	12-2c pm	1.04	19-9 pm					
Denmark	14.321-14.381;	14.33%-14.34%	41-51ore dis	-4.29	8-91, dis -					
Ireland	1.2690-1.2740	1.2710-1.2720	0.21-0.25p dis	-2.17	0.61-0.66dis -					
W. Ger.	3.981-4.011	3.994-4 004	15-11-pf pm	4.13	44-35 pm					
Portugal	184.50-186.00	185.00-185.50	175-440c dis	-19.92	510-1205dis -					
Spain	228,50-227,50	226.80 - 227.00	240-325c dis	- 14.94	955-1115dis -					
Italy	2.382-2.392	2.385-2.387	14-15 Ura dis	-7.54	46'- 49'adis .					
Norway	11.10 - 11.15	11.125-11.135	3-32 ore dia		97-107 die -					
Franca	12.01-12.06	12.01 - 12.02	212-312c dis		142-162 dis -					
Sweden	11.761-11.821-	11.78-11.79	11-21 ore dis		41-51 dis					
Japan	364-367	3641-3651-	0.90-0.70y pm		2,70-2,50 pm					
Austria	28.00-28.20	28.08-28.13	10%-8%gro pm		285-24 pm					
Switz.	3.231-3.25	3 24 3.25	11-11c pm		41-4 pm					
Be	Belgian rate is for convertible francs. Financial franc 80.90-81.00. Six-month forward dollar 0.32-0.37c dis, 12-month 0.62-0.72c dis-									

THE DOLLAR SPOT AND FORWARD

sabr a	shieso	CIUSO	Crim thorigs	р.а.	BUOLITIES	p.s.					
UK†	1.4890-1.4950	1.4915-1.4925	par-0.05c dis	-0.20	0.12-0.17di	-0.39					
1relandt	1.1710-1.1765	1.1755-1.1765	0.34-0.28c pm	3.17	0.89-0.79 pt	m 2.86					
Canada	1.2300-1.2315	7.2310-1.2315	0,09-0.06c pm	0.73	0.22-0.19 pt	m 0.67					
Nathind.	2.9940-3.0000	2.9965-2.9965	1.00-0.90c pm	3.80	2.95-2.80 pt	m 3.83					
Belglum	53.82-53.95	53.88 -53.90	61 ₂ -51 ₂ c pm	1.33	14-12 pm	0.96					
Denmark	·9.6125 -9 .6260	9.6125-9.6175	2.35-2.85ore dis	-3.24	0.25-0.75dls	-0.21					
W, Ger.	2.6720-2.8830	2.6770-2.6780	0.98-0.93pf pm	4.27	2.92-2.87 pt	m 4,32					
Portugal	123.90-124.40	124.10-124.40	115-290c dis		330-790dis	- T8.03					
Spain	151.90-152.30	152.00-152.10	170-200c dis	-14.60	620-720dis	-17.62					
Itaív	1,698-1,601	1,599-1,600	91-10 fire dis	-7.31	30-31 dis	-7.62					
Norway	7.4560-7.4650	7.4800-7.4850	1.85-2.15ore dis		5.90-6.20dis						
France -	8.0500-8.0750	8.0550-8.0600	1.85-2.00c dis		9.40-9.BOdis						
Sweden	7.8950-7.9080	7.8990-7.9040	0.90-1.10ore dis		2.35-2.55dig						
Japan	244.40-245.30	244.50-244.60	0.63-0.58y pm		2.00-1.52 pt						
Austria	18.80-18.85	18.80-18.61	5.60-5.80gro pm		19.75-17.25						
Switz.	2.1690-2.1765	2.1725-2.1735	1.05-0.95c pm		3.10-3.00 pe						
† UK	and Ireland a	re quoted in U	.S. currency. Fe		premiums a						
discounts apply to the U.S. dollar and not to the individual currency.											
	Relate rate is for convertible france Financial franc E4 22 54 77										

EXCHANGE CROSS RATES

Sept. 8	Pound Strling	U.S. Dollar	Deutschem'	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Gulld	Hallan Lira	Canada Dollar	Belgian Franc
Pound Sterling	0,670	1,492	3.998	365,0	12,02	5,245	4.475	2386.	1,835	80.40
U.S. Dollar		1.	2,679	244,6	6,056	2,175	8.999	1599.	1,231	53,89
Deutschmark	0,250	0,375	1.	91.51	8,007	0,812	1.119	596,9	0,459	20.11
Japanese Yen 1,000	2,740	4,089	10,95	1000.	32,98	8,890	12,26	5587.	5,050	220.5
French Franc 10	0,832 ·	1,841	5,526	308.7	10.	2.700	5.728	1985.	1,527	66,89
Swiss Franc	0,306	0,460	1.232	112,5	3,704	1.	1,379	735.3	0,566	24,78
Dutch Guilder	0,228	0,583	0,898	81,56	2,686	0,725	1.	553,2	0.410	17.97
Italian Lira 1,000	0,419	0,625	1,675	153,0	5,088	1,360	1,876	1000,	0.769	33.70
Canadian Dollar	0,545	0,613	2.177	198,8	6,547	1.767	2,437	1500.	2.284	43,79
Belgian Franc 100	1,244	1,856	4.972	454,0	14.95	4.036	5,566	2968.		100,

MONEY MARKETS

UK rates show little change

UK interest rates showed little overall change yesterday. The market appeared to be fairly reizxed, despite a large shortage, ahead of today's U.S. money supply figures. Overnight interbank money opened at 91-92 per cent and traded within a very narrow band of 9-10 per cent.

central council. Before the meeting market opinion had been fairly evenly divided as to whether an increase would take overall change yesterday. The market appeared to be fairly reissed, despite a large shortage, ahead of today's U.S. money supply figures. Overnight interbank money opened at 94-94 per cent. The marvowing very cent and traded within a very narrow band of 9-10 per cent.

The discount rate was left at 4 latest rise in the West German rate was left at 4 latest rise in the west German rate was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late was left at 4 latest rise in the west late wa

cent and traded within a very	between U.S			central	bauk r	reacted 1	o the	rate un	changed	at 31 pe	er cent.
The Bank of England forecast a shortage of around £550m,	LONDON	MONE	RATE	5							
with factors affecting the market including maturing assistance and a take up of Treasury bills	Sept. 8 1983	Sterling Certificate of deposit	interbank	Local Authority deposits	Local Auth. negotiable bonds	House	Company Deposits	Discount Market Deposits	Treasury	Eligible Bank Bills &	Fine Trade Bills Ø
	Overnight	916-956 916-956 916-956 916-955 916-955 10-5-955	9 10 	95g-95g 91g-95g 91g-95g 95g-95g 95g-91g 97g-10 1014-107g 114-113g	10.834 10.934 1019.934 1014.978 1044.978 1058-1014	958 974 934 104 104	912-10 10-1018 10 10 10 10 	9-10 			10 % 10 % 10 % 10 %
91 per cent, £21m in band 3 (34-63 days) at 9½ per cent and £126m in bend 4 (64-91 days) at 9½ per cent. Further help in the afternoon comprised purchases of £134m of eligible bank bills, £47m in band 1, £74m in band 2 and £13m in band 4, all at established rates. In Frankfurt the Bundesbank announced a half point increase in its Lombard rate to 5½ per cent with effect from today, after yesterday's meeting of the	9.530 per cent. Local authorates nominally are buying rate 10°m per cent. Approximat 9°m per cent. months 9°m per Finance He London and Sc 6 per Cent.	prities and in three years for prime a selling range and a selling range and a selling range and a selling range and a selling range and a selling a selling and a selling a selling and a selling a selling and a selling and a selling a s	Innace house 17% per ci paper. Buy its for one selling rate bills 9% Rate (publing Bank Ries tender raunder one to Under Ch	es saven de set; four ye ring rate for month Traine for one per cent; lished by estas for less conth 9% p 00.000 94.	er tour-month sury bills 9 month bank two months the Finance nding 9½ pa count 9.3343 er cent; one par cant fro	others sevicent; five his bank bear bank bear bills 9½; 52½; per cent. Long per cent. Long per cent.	en days fin years 11%-9 ilfs 9 ¹³ %-9 ¹ : two mo- per cent: cent and ti secciaion) don Depos Certificate ths 10 per	ted. Long- 11 ² s per ce is per ce this per ce two mont 10 per ce it Raisa io s of Tax	term local ent. &Bani ent; four per cent ths \$^{1}x ; has \$^{2}x pt ant from ; or sums at Deposit (1)	authority is to be a controlled three cent a controlled three cent a controlled three cent according to the ce	mortgage in table ade bills months and three 1, 1983. 's' notice Deposits per cent:
INTEREST PATES				J. 44	,				,		هندند

INTEREST RATES

yesterday's	meeti	ng of	THE THE F	stes for \$11	debosits A	VICAGIZAWA 10	r cash & per cent.		
INTER	EST	RAT	ES 🕳	•	, ·		g e-		
EURO-CI		_		RATES			MONEY RATES		NETHERLANDS Discount rate Overnight rate
Sept. B	Shert term	7 days notice	Month	Three Months	Six • Months	One Year	Frime rate		Three months
Sterling	94-10 94-94	944-978 912-934	94g.93 ₂ : 9 1g .91g	91:-101	10-101 ₉ 10 ₁₆ -10 ₁₆	106g-107g	•		S CERTIFICATES OF
Can. Dollar D. Guilder S. Franc Deutschm'rk Frinch Franc Halian Lira	834-91g 578-61s 279-31s 5-51s 1919-185s	9.91 ₂ 57 ₈ -61 ₈ 27 ₈ -81 ₈ 57 ₈ -51 ₈ 121 ₄ -121 ₂ 16-171 ₂	8 % 9 % 6 8 % 4 18 4 14 15 % 5 % 18 18 18 70	94 912 64-6/8 446-412 5-6-5/3 1451-15 1756-1618	913-915 616-659 42-414 6-619 1612-1634 1812-19	10 10 10 16 64-7 44-47 ₈ 54-64 164-17 194-20	GERMANY Lomberd Overnight rate One month Six months	5.95	One month

SW

Beig. Franc. 714.734 734.814 819.9 914.934 935.1014 1014.1034 Fin. 714.734 914.818 814.835 9.814 916.934 10.1014 786. 676.7 676.7 676.7 676.7 676.7 676.7 676.7 1134.1214 1119.12 1119.12 1119.12 1119.12 976.916 976.916 976.916 934.936 976.916 10.1016 10.1016 10.1016 10.1016 10.1016 10.1016 FT LONDON INTERBANK FIXING

11,00 a.m. SEPTEM			
3 month U.	S, dollars	6 month L	.S. dollars
bld 10	offer 10 1/8	bid 105/16	offer 10 7:18

The fixing rates are the arithmetic means, munded to the meanest ona-shripenth of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 em sech working day. The banks are National Westminster Bank, Sank of Tokyo, Dautsche Bank, Banque Nationale de Paris and Morgan

Prime rate Fed funds (lunch-time) Treasury bills (13-week) Treasury bills (26-week)	11 94-84 9.07 9.29	Three months	84 -67 2
GERMANY Lombard	5.5 5.10 6.60 5.95 6.45	One month	9.55-9.68 9.7-9.8 10.05-10.1 10.45-10.6
FRANCE		LONG TERM EURO \$	
Intervention rate Overnight rate One month Three months Six months	12.25 12.0 12.375 12.4375 12.4375	Two years	11½-11½ 11½-12½ 12-12¼ 12¼-12½
JAPAN Discount rate Call (unconditional) Bill discount (3-month)	5.5 6.59375 6.78125	One month	
		ECU LINKED DEPOSIT	rs
SWITZERLAND Discount rate	4 21,-34,	One month	

FINANCIAL FUTURES :

Gilts easier

Gilt prices lost ground in the improved some 20 points against the dollar soon after the announcement but quickly dropped back. The dollar was fixed at DM 2.6781 from DM 2.6936 on Wednesday before the announcement and slipped London International Financial authorities and a general down Futures Exchange yesterday. Initial trading saw contracts supply estimates for today's improving quite strongly with weekly number. However there improving quite strongly with the December price gaining from an opening level of 105-14 to a high of 105-29 compared with 105-01 at Wednesday's close. However late selling saw later to DM 2.6780 later on before rebounding to DM 2.6790. Else-where sterling was fixed at DM 3.994 compared with the price fall to 104-23 at the close. Demand seemed to fall away as supplies of Treasury 9½ per cent 1988 "A" stock became exhausted and the market subsequently turned services of the process of the continuous subsequently turned services and the continuous also influenced.

Sentiment was also influenced round from its firmer start, by a lack of improvement in U.S. instruments in Chicago. LONDON

r		ints of 1		LLAA	
O it	Sept	Close 90.20	High 90.20	Low 90.13	F 90
е	Dec	89.60	89.66	89 GB	89
Ь	March	89.31	89.33	89.30	85
-	June	89.11	8 9.13	89.05	88
_	Sept	88.93		_	88
_		2,522 (2			
	Previou	s day's i	open int.	5,353 (5,571
	THREE.	MONTH	STERLIM	G DEPOS	iT.
		0 points			•••
п		Close			P
3		90.50	High 90.50	Low 90.44	90
	Sept Dec	90.08	90.09	90.03	89
Ξ		30.06 89.78	89.78	89.74	20
6	March				29
7	3une	89.50 89.34	89.50 89.34	89.50 89.30	89 89
	Sopt	1,490 (7		89.30	83
		s day's c		2 725 6	900
					,,,,,,,,
	20-YEA	R 12% N	OTIONAL		,,,,,,,
	20-YEA		OTIONAL		,,,,,,,
	20-YEA	R 12% N	OTIONAL 1007.	L GILT	
	20-YEA £50.000	R 12% N 32nds o	OTIONAL 1 100% High		
	20-YEA	R 12% N 32nds o Close	OTIONAI 1 100 % High 102-30 105-29	L GILT	
	20-YEA £50,000	R 12% N 32nds o Close 102-11 104-23 104-10	OTIONAI 1 1007. High 102-30	L GILT	702
	20-YEA £50,000 Sept Dec	R 12% N 32nds o Close 102-11 104-23	OTIONAI 1 100 % High 102-30 105-29	L GILT 102-11 104-23	702 105
	20-YEA £50,000 Sept Dec March	R 12% N 32nds o Close 102-11 104-23 104-10	OTIONAI 1 100 % High 102-30 105-29	L GILT 102-11 104-23	702 105 104
	20-YEA EE0.000 Sept Dec March June Sept	R 12% N 32nds o Close 102-11 104-23 104-10 103-28	OTIONAL 1007: High 102-30 105-29 104-30	L GILT 102-11 104-23	702 105 104
	20-YEA EE0,000 Sept Dec March June Sept Volume Basis of	R 12% N 32nds o Close 102-11 104-23 104-10 103-28 103-14 3 3,733 (2 puota {cla	OTIONAI 100% High 102-30 105-29 104-39 3,759) un cash	102-11 104-23 104-10 	702 105 104 103
	20-YEA, EE0,000 Sept Dec March June Sept Volume Basis q Treasu	R 12% N 32nds o Close 102-11 104-23 104-10 103-24 103-733 (3 100ta (clary 1998 to	OTIONAI 1007: High 102-30 105-29 104-39 	102-11 104-23 104-10 	103 103 104 103 155 ice o
	20-YEA EE0.000 Sept Dec March June Sept Volume Basis q Treasus near fu	R 12% N 32nds o Close 102-11 104-23 104-10 103-28 103-74 3,733 (3 4 4 3,733 (3 4 4) 1958 to tures cor	OTIONAI 1007: High 102-30 105-29 104-39 	102-11 104-23 104-10 	103 103 104 103 155 ice o
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	20-YEA £50,000 Sept Dec March June Sept Volume Basis Treasur near fu (32nds	R 12% N 32nds o Close 102-11 104-23 104-10 103-28 103-14 3,733 (3 (uota (cleary 1988 to tures cor).	OTIONAI 100% High 102-30 105-29 104-30 104-30 	Low 102-11 104-23 104-10 price of selent pri ar to 06	702 105 104 104 103 153 ice 6

Volume 440 (658) Previous day's open int. 952 (1,007)

December price opened at 89.63 up from a previous close of 89.46 and reached a high of 89.66 before closing at 89.60. just a little weaker from Wednesday, the prospect of a better than previously expected U.S. M1 money supply figure is

the market by the Federal

was little follow through with trading hampered by a virtually static cash market and little

incentive gleaned from early trading in Chicago. The

Euro-dollar prices were not likely to change the firmer but finished below the market's current reliance on day's highs. Early trading saw this erratic number to guage prices gain ground in reaction future trends. However there to a firm finish in Chicago on are signs that the expected' Wednesday. The followed a September bulge may show surprise injection of funds into signs of a crash diet

CHIC	CDA			
U.S. TI	EASURY 0.000 32	BONDS	(CBT)	
	Latest	High	Low	Prev
Sept	71-07	71-23	71-05	71-13
Dec	70-23	71-06	70-20	70-28
March	70-07	70-20	70-05	70-12
June	69-27	70-07	69-27	69-31
Sept	69 -16	69-24	69-76	89-20
Dec	69-07	69-20	69-07	69-11
March	_	_	-	69-03
June Sept	_	=	=	68-28
Dec	=	=	=	= 1
March	_		=	
-MEI CII	_	_	_	- 1
	REASURY into of 10		(IMM)	_
	Lutest	Hìgh	Low	Prev
Dec	90.45	90.55	90 44	90.49
March	90.14	90.23	90 14	90.17
June	89.95	90.01	89.94	29.96
Sept	89.82	89.82	89.78	59 79
Dec	89.61	89 64	B9 61	89.61
March	_	89 4B	8 9.47	89 44
June	_	89.32	_	89.28
	DEPOSIT			
	Latest	High	Low	Prev
Sept	90.36	90.44	90.36	90,39
Dec	89.75	89.90	89.73	89.80
June	89.17	89.25	89.16	89.1B
THREE.	MONTH 1	FURODO	IAR (II	- I
\$1m pc	ints of 1	00%		
_	Latest	High	Low	Prev
Sept	89.79	89.86	89.79	89.84
Dec	89.29	89.42	89.25	89.35
March	88.98	89.08	28.98	B9.Q0
june	88.77	88.86	88.77	88.79
STERLI	NG (IMM			
_	Latest	High	Low	Prev
Sept	1.4915	1.4945	1,4905	1.4875
Dac	1.4940	1.4980	1.4920	1.4895
March	1.4970	1.4970	1.4950	1.4915
June	_	_	_	-
Sept Dec	_	_	_	
260	_	_	_	

PERSONAL

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COMPANY NOTICES

KUBOTA LIMITED EUROPIAN DEPOSITARY RECEIPTS

A distribution of \$0 307 per deposi-tary share less any applicable (age, will be write on meditar of age, 1983 upon presentation of Coupon No. 31 at the ofte of any of the following depositaries: MORGAN GUARANTY CV. OF NEW YORK New YORK, O. West Broadway. —Lordires. 1, Angel Court, —Lordires. 1, Angel Court, —Park, 14. Place Versdome, —Frankfurt, 46, Mainzer landstrasse. —KREDISTBANK 5 A LUXEMBOUR-GEOISE 43, Bd Royal, Luxembourg. Net zero:

Net rate: 50 261 tafter deduction of 15°; 1002016 withholding tank 50.2456 (after deduction of 20%; 1002016 withholding tank

READY MIXED CONCRETE (RMC Group PLC)

NOTICE IS HEREBY GIVEN to Bondholsers of the above Loan that the amount redeemable on October 25, 1983, i.e. FF.8.000.000 was begint in the market.
Amount outstanding: FF 37.600.000. Trustee: The Law Debenture Exporation Limited.

Notice to the holders of Bonds of the Issue 84% 1977/1989 of US\$50,000,000 made by the **EUROPEAN COAL AND** STEEL COMMUNITY

The Commission of the European Communities announces that the singual ensistement of Bonds amounting to USS3,000,000 has been purchased for redumption on October 1, 1983. Amount cutstanding on and October 1, 1983. US\$41,000,000

GNMA (CBT) 8% \$100,000 32nds of 100%

High Low 69-26 69-16 68-24 68-13 67-26 67-10 67-02 66-29 66-18 66-13 66-02 66-00 65-07

GENCOR GROUP **Gold Mining Companies**

DECLARATIONS In the advertisement published in yesterday's Financial Times the total dividend for the year for Kinross Mines Limited should have read 187 cents and not 107 cents.

BIVIDEND

NOTICE TO HOLDERS OF DU PONT OVERSEAS CAPITAL N.V. BEARER SECURITIES

Copies of the Annual Report of E 1, du Pont de Nomours & Com-pany and the Financial Statement of Du Pont Overseas Capital N V can be obtained on request from Paul C. Thornton E. I. du Pont de Nemours & Co. D-8047, 1007 Market Street Wilmington, DE 19898, U.S.A. Tel. No. (0101-302) 774-9017

DRAWING

7° CONSOLIDATED BONDS
totalling L2:200 were drawn for redemption as at 15th September 1983.
Lists of drawn Bonds (an or obtained
at Lazard Brothers & Co. Ltd., 21, Moorneids, London, L.C., to whom Bonds
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CLASSIFIED ADVERTISEMENT RATES

	Per line	Single column cr
	Mio(mum 3 Anas	Minimum Scms
mercial and Industrial Property	S.50	30.00
dential Property	6.50	22.00
ointments	9.00	31.50
ness, Investment Opportunities,		
isiness for Sale/Wanted	8.50	30.00
ional	6.50	22.00
or Cars	8.50	22.00
els and Travel	6 50	22.00
tracts and Tenders	8.50	30.00
k Publishers	_	net 14.00
Deaminm maritlanic ava	ilable	

Premium positions available (Minimum size 30 column cms) £6.00 per single column cm extra For jurther details write to: Classified Advertisement Manager Financial Times, 10 Cannon Street, EC4P 4RY

WORLD VALUE OF THE DOLLAR

The table below gives the rates of exchange for the U.S. dollar egainst- indicative. They are not based on, and are not intended to be used as a basis various currencies as of Wednesday September 7 1983. The exchange rates listed for particular transactions.

are middle rates between buying and selling rates as quoted between banks.

Bank of America NT and SA does not undertake to trade in all listed foreign unites cherwise indicated. All currencies are quoted in foreign currencies, and neither Bank of America NT and SA nor the Financial Times per one U.S. dollar except in certain specified areas. All rates quoted are

Bank of America: Eurodollar Libor es of September 7 at 11.00 am. 3 months: 10³35. 6 months: 10⁸35.

SDR1=SUS1.04608. Sibor as of September 7 at 11.00 am. 3 months: 10%. 6 months: 10%.

VALUE OF DOLLAR COUNTRY COUNTRY CURRENCY CURRENCY COUNTRY CURRENCY Afghani (0) Lek Dinar JFr. Franc iSp. Paseta Kwanza E. Caribbean 5 New Peso (f) Dollar Schilling Port. Escudo 1958.89 11,0065 1,5418 95,49 124,35 50.60 6.7617 4.8545 8,1105 Granada Guadajoupa Guam Guatemala E. Caribbean \$ Franc U.S. # 1.00 5,00 2.00 7.66 44.71 28.11 10,2145 5,6397 Haiti ... Gourde Qatar..... . Riyai Gourge Lempin Dollar Forint Krona Rupea Rupish Ruai (0) Dinar Punt Shekei Reunion lie de la... Fr. Franc Romania Leu (O) Rwanda. Franc 124,35 1,00 0,377 152,65 94,25 84,25 8,0113 54,46 2,00 405,525 1,00 10,2145 198,00 1,1197 669,50 6,1237 90,00 8t. Christopher...
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9t. Lucia...
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8amoa (Western).
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8an Marino... 2,70 1,4937 2,70 8,1105 2,70 1,6321 E. Caribbean 5 10.2145 987.00 88.2343 0.5095 1.1673 57.05 1607.25 405.525 1.7835 2.656 246.20 E. Carlobean S. Fr Franc E. Carlobean S. Fr Franc E. Carlobean S. Tala U.S. S. It. Lira . Taka . Taka . Dollar ! Franc (C) ! Franc (F) . Dollar . C.F.A. Franc . Dollar iraq..... irish Rep __ israel italy... ivery Coast Belize ... Benin Bermud: Dobra
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n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Official rate. (c) Commercial rate. (f) Financial rate. (ii) Poland: Devalued on 1st July .(2) Paraguay operates a two-tier system. o=imports. exports and government transactions, m=all other transactions. (3) Sierra Leone 1st July reverted to single rate. (5) Mexico Free market rate. (6) Mexico; Controlled rate covering imports, exports and some debt repayments. (7) Vaneguele—three-tier available to the state of the second of the se

INTERNATIONAL CAPITAL MARKETS

Hoechst

Aktiengesellschaft

Report on the 1st half-year 1983

Compared with the first three months, there has been a slight upturn in the sales of Hoechst Group during the 2nd quarter; the level is also above that of the equivalent period last year. Business has improved in particular in Asia, North America and Africa. Calculated in local currency, the sales of our companies in Western Europe also increased; conversion into DM results in a slight fall, due to changes in the authority and the support of the sales of the support of the sales of in the exchange rates.

The crop protection, surfactants and auxiliaries and pharmaceutical sectors contributed especially to the improvement in sales, although considerable regional differences can in some cases be observed. The price cost ratio in the plastics sector has improved somewhat in Western Europe, in the USA it continues to be unsatisfactory. The difficult price situation in fertilizers remains unchanged.

Profit before taxes rose from DM 558 million to DM 804 million; this represents an increase of 44.1% over the very poor result in the first half-year 1982. An improvement was registered in almost all regions, happily also at those companies that had shown a loss in the previous year. In Hoechst AG, the increase in volume of goods sold in May and June has enabled the sales figure for the lat half-year 1982 to be slightly exceeded. The decline in exports results from the change in the exchange rates and drop in prices. Apart from the trend in fertilizers, price movements in the Federal Republic of Germany have remained within narrow limits. Price-related increases and decreases in sales virtually halanced out.

At 79%, capacity utilization in the 2nd quarter was markedly higher than in the 1st quarter 1983, when it amounted to 75%. Inventories are no higher than at the beginning of the year and are appreciably below the average level of the previous year.

The improvement in volume of goods sold and the internal measures taken to reduce costs have resulted in an increase in profit before taxes to DM 454 million. This corresponds to a rise of 24.4% over the 1st half-year 1982.

The number of employees decreased by 694 compared with 30.6.1982. Personnel expenses remained

Based on the figures available for July and August, we expect a continuation of the favourable business trend.

Hoechst Group					
Sales (DM million)	lst half- vear 1983	Ist half- year 1982	Half-year average 1982	Changes in % co 1st half-year 1982	mpared with half-year average
Total Fed. Rep. of Germany Abrusid	18,140 4,775 13,365	17,920 4,780 13,140	17,493 4,604 12,889	+1.2 -0.1 +1.7	+ 3.7 + 3.7 + 3.7
Profit before taxes					
DM million in % of sales	804 4.4%	558 3.1%	536 3.1%	+44.1	+50.0
Hoechst AG					
Sales (DM million)					
Total Fed. Rep. of Germany Almoud Export percentage	6,388 2,967 3,421 53.6%	6,364 2,869 3,495 54.9%	6.178 2,805 3,373 54.6%	+0.4 +3.4 -21	+3.4° +5.8 +1.4
Profit before taxes					
DM million in 5 of sales	454 7.1%	365 5.7%	339 5.5%	+24.4	+33.9
Employees	1st half- year 1983	1st half- year 1982	J.J.8	Chang absolute	s in%
Personnel expenses in DN1 million (excluding pension funds)	1,736	1,723		+13	+0.8
Number of employees as at 30.6	60.057	60.751		-694	- 1.1

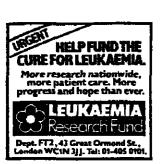


Sime Darby Group

HIGHLIGHTS OF PRELIMINARY ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED 30TH JUNE 1983

SUMMARY OF CONSOLIDATED RESULTS

	1983 M\$ Million	1982 MS Million
PROFIT BEFORE TAXATION	111.1	209.8
PROFIT AFTER TAXATION	69.2	130.4
EARNINGS	55.4	92.6
EXTRAORDINARY PROFITS	75.2	4.0
GROUP PROFIT ATTRIBUTABLE TO SIME DARBY BERHAD	130.6	96,6
	M. Sen	M. Sen
EARNINGS PER SHARE	7.4	12.9
DIVIDENDS PER SHARE - NET	6.5	6.5



CREDIT NATIONAL US\$200,000,000 Guaranteed Floating Rate Notes 1994 Unconditionally guaranteed as to payment of principal and interest by THE REPUBLIC OF FRANCE For the six month period

9th September 1983 to 9th March 1984 the Notes will carry an interest rate of 10% per annum Bankers Trust Company, London Fiscal Agent

EUROBONDS

Yamanouchi enters Eurodollar market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT YAMANOUCHI Pharmaceutical paid form. The bonds were quoted Company of Japan yesterday at a discount of 1% per cent last launched its first Eurodollar bond night, within the total fees of 1% per in the form of a \$50m, seven-year cent.

convertible issue through Nikko German bond markets managed iccurities. to shrug off a ½ point increase in The bond attracted attention be-

cause of its relatively low indicated which had already been largely discoupon of 4 per cent. This compares counted. Prices closed little with coupons of between 5 and 7% changed on balance. The European per cent on convertible issues since Investment Bank was yesterday the beginning of July. None the scheduled to launch a DM 200m, 10 less, the paper was accorded a posi-tive initial reception by investors Although terms remained unconand traded at a premium of around firmed last night, market expecta-24 points over its par indicated tions centred on a coupon of 84 per price. Experted conversion prem-cent and par issue price.

Secondary market prices of fixed rate Eurobonds rose slightly yesterday following strong gains in New York overnight, but there is still little buying interest from investigations. Swiss franc foreign issues improved slightly on news of a drop in the country's inflation rate to 1.7 per cent in August from 2.2 per cent in July.

Genfinance launched an ECU

Elsewhere, Royal Trust Company of Canada launched a CS50m five bonds are guaranteed on a subordivear 12% per cent bond at par through Wood Gundy. Initially the Banque which is leading the issue. borrower had planned to launch a banque which is reading the issue. See borrower had planned to launch a banque which is reading the issue. Ecu bonds, which offer a high repartly paid bond but, because of turn, have been growing in appeal market resistance to this type of issue, the paper was offered in fully sify out of dollar paper.

Bolivia defaults on

\$30m debt interest

HONG KONG banks yesterday in- Analysts attributed the weakness creased their prime lending rates in Hong Kong's financial markets by 1½ points to 13 per cent in a bid to continued nervousness over the to stabilise the sinking Hong Kong issue of how the territory will be

Kong Association of Banks, the sume on September 22, but fragquasi-official interest rate cartel ments of news from Peking suggest

comprising the territory's leading that China is taking an uncompro-

The Hong Kong dollar had sume sovereignty and administradipped on Wednesday to HK\$7.70 tive rights over the whole of Hong Kong.

Six John Brownidg Wednesday to HK\$7.72 against the U.S. dollar in Six John Brownidg Wednesday to HK\$7.72 against the U.S. dollar in Six John Brownidg Wednesday Wednesd

The Hong Kong dollar recovered his half-yearly review next Friday. Hong Kong's manufacturing sectrading, while the trade-weighted tor is recovering from last year's reindex firmed to 69.9. Further intercession. Some analysts expect Sir

est-rates rises might be in prospect
if the Hong Kong dollar started to
slide again, bankers said.

John to consider modifying Hong
Kong's withholding tax on local currency deposits to make it more at-

The Hong Kong stock market's tractive for investors to hold Hong Hang Seng Index shed 16.12 points Kong dollars.

Stock market report, Page 23;

run when Britain's lease over most

mising stand on its desire to re-

Kong. Sir John Bremridge, Hong Kong's

financial secretary, is expected, however, to unveil a relatively rosy

economic picture when he presents

rency deposits to make it more at-

Stock market report, Page 23; Currencies, Page 33

The move was decided at an ex- of it expires in 1997.

BY ROBERT COTTRELL IN HONG KONG

late trading, and its trade-weighted

index had fallen to an all-time low

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 8.

	U.S. DOLLAR		•		Consul		w_L	EL
MARKETS CORRESPONDENT	STRAIGHTS	Isseed	84 834	Offer 9344	day 1	+64k	Yioki 11 R1	بريا. اطلا
MARKE 15 CURRESPONDENT	Amex O/S Fin 1874 90	100 150†*	85	851/2			12.42	We
l paid form. The bonds were quoted	Bank of Tokyo Hold 11 90	106	93%	931/4			12.44	
at a discount of 1% per cent last	British Çol Hyd 1044 88	200	953/4	95%			11.39	
night, within the total fees of 11/2 per	CCCE 1134 97	300	92% 98%	92% 91%			12.92 13.18	धा
cent	Cricero G/S 10% 90	75 100	9115	92		+17		Brid
German bond markets managed	Coca Cola Int 9% 92	100	914	9175	+012	+11/4	11.41	(a)
to shrug off a ! point increase in	Cred Suisse BAH 10Vz 90	1501	941/4	94%	+8%	+83/4	11.72	(Jan Her
the Bundesbank's Lombard rate	Credit Suisse 101/2 89	100†	95¼ 91¾	957/4 927/a	+044	+874	11.52 12,68	Dus
me puncestants routoard tate	Dec Nersk Cred 11 Vs 93 Du Porr 11 Vs 95	50 150 -	9774	9814			11.55	ΤĎ
which had already been largely dis-	F C S C. 1174 90	75	987/4	9874	+014	+1	12.17	Xer
counted Prices closed little	£0 C, 10¾ 88	100	96V4	9634		+04		For
changed on balance. The European	EDC. 1174 87	100	997/e 987/a	99% 91%		+81/2 +87/4		Sve Con
Investment Bank was yesterday	E.D.F. 11 1/4 93 E.E.C. 1034 85	100 75	207E			+0**		Σle
scheduled to launch a DM 200m, 10	EEC 11 87	350	87%	981/6	+01/5	+07%	11.69	Ne
 year issue through Deutsche Bank. 	£1 8. 10 ³ 4 93	200	9178	21%	+81/4		12.38	Phr
Although terms remained uncon-	E.I B. 11 91	125		53 % 91 %	.036	+8% +0%		P.H Sw
l firmed last night, market expecta-	Enserch Fin 114a 83	50 100		9374		+11/		0.1
tions centred on a coupon of 8% per	Fuji Int Fin 10% 90	100t		91%	8	+054	12.76	Sol
cent and par issue price.	Gen Elec Credii 934 91	106	901/2	9254		+170		8.F
Swiss franc foreign issues im-	6MAC 0/S Fin 101/2 90	200	94 % 96 %	95% 97%	+8% +8%	+076		Bri CER
	Honeywell Int 10% 90 Indust Bk Japan 10% 88	100 100	954	964	+014			ΣĒ
proved slightly on news of a drop in	Japan Air Luses 107s 95	42	981/4	9874	+81/s		12.28	For
the country's inflation rate to 1.7	Japan Air Lines 11 93	75	93×4	941/4		+076		Fin
per cent in August from 2.2 per cent	J. P. Morgan 113/a 90 XW	150	9744	981/4	+874		11.83 12.64	Fin Ger
in July.	Levi Streess let 11 90 L.T.C.B. 1034 90	75 100	95 90.7%	95½ 91%	+644		12.76	Mo
Genfinance launched an ECU	Memil Lynch 10% 90	200	93 T	931/2			12.13	No
60m seven-year, 11 per cent issue at	Midland let Fin 111/2 92	156		9574	+61/4		12.30	Œ
a price of 100% yesterday. The	Mitsabisti Corp 101/2 90	100	83	931/2	+8%		12. 98 12.57	S.I Sw
bonds are guaranteed on a subordi-	Mitsubishi Fe 113/a 90 Kippon Creda 11 90	108 100	9474 9174		+81/4		12.82	Sw
nated basis by Société Générale de	Nipper Credit 11 % 93	100	92 Vz		+814		12.65	Wo
Banque which is leading the issue.	O.K.B. 10 91	186		8544	+8%			We
Ecu bonds, which offer a high re-	Ontario Hydro 1844 90	250	92% 98%	92%	+01/8	+07/2 B	11.88 11.57	Eus Eus
turn, have been growing in appeal	Ontario Hydro 1144 88 Ontario Hydro 1244 92	200 200 1	3644 1024	98% 102%	i	ě	12.24	
recently as investors seek to diver-	Prodestal 0/S 10% 93	100	941/6		+81/e		11,50	FLC
sify out of dollar paper.	Prodential 0/\$ 1244 87		1034		8		11.45	NO
any our or course paper.	Saskarchewan Pr 1074 90	125		9414	+81/4			8.F
i	S.N.C.F. 111/2 93 Sth Cal Edison 101/2 90	100 75	3474. 9474	95% 84%	+81/2		12.39 11.58	B.F Cas
	Sun car couses 1977 30	186	5176	9176	+81/4			6.0
	Swiss Bl. Corp 1044 90	1251	9544	95%	+84s ·		11.25	Č.C
aults on	Texaco Capital 93/4 90	15D	92 ³ /s		+844			Ceş
auils un	U.B.S. 10 88	100	96 9834	961/2	+01/a +01/a		11.84	Ce;
	U.S.S. 11 89 Westpec but Fig 11 90	150 1001°			+874			C.X
intoroct	World Bank 10-Vs 88	150	95%	95 %	+840	+874		C.8
interest	World Bank 10% 93	100	92%		+87/2 -		12.18	Cre
	World Bank 111/4 88		97% 9654		+814			Cre
ESPONDENT	World Sank 11 1/2 90				+8%:	+072	14.10	Çre Çre
RESPONDENT	Ar. prot camp		T 778,	-	m 776			ĒI
sametade control book governor Co	DEUTSCHE MARK				ومحي	e en		E.E

\$30m debt interest	World Bank 104's 88
BY OUR EUROMARKETS CORRESPONDENT	Av. price changes: on day +Va, on work +Va
BOLIVIA has told its commercial bank creditors that it cannot make a \$30m interest payment on its for eign debt that fell due this week. The interest payment is part of a programme under which Bolivia has been trying to bring interest arrears up to date as a precondition for a further rescheduling of some \$450m in foreign debt falling due between now and the end of 1985. Its total foreign debt is some \$30m. In a telex to bank creditors, the	DEUTSCHE MARK STRAGETTS Issued Bid Offer day week Field All A.S. 8Ve 88 100 97% 98% 98% 00 00 00 00 00 00 00
Hong Kong banks lift prime rate to 13%	Japan Dev Bank 7½ 90

World Bank 71/2 93		95V4		0	+01/6	8.18
Av. price chang	e\$: 60 l	day Q, c	a week	+14		
SWISS FRANC					ge 817	
STRAIGHTS	Served		Offer		week	Yigh
AKZO 541 93	100	9842	9874	â	+074	5.87
Sank of Tobje 6 91	103		18174	9	+01/4	5.74
Bergen, City of 544 95	46	99	991/4	•	0	5,85
Carls-Tuborg Bow 5% 93	60	10114	1611/2	-874		5.56
Churtsoya Co 5% 93	50	95 7 4			+81/8	6.32
Descript 64a 91	100	1011/2	191%	+01/2	+81/2	6.1B
E.D.C. 546 91	180	58 74	881/2		+014	5.64
E.I.B. 54 93	100	99	991/2	+8%	-148	5.85
Er-ton Etk Japan 54's 91	100	98	9814	-84	-614	5.93
Ind Ford Pintand 614 91	40	18854	108%	+0%	+876	6.13
Int-Am Dev Bk 6Vs 93	100	181	18114	-01/2	+1	5.96
James Dev Bank 51/2 93	100	5844	981/2	-61/1	6	5.72
Kansai Elec Power 6 91	100	181%	10176	9	0	5.71
Kawasaki Steel 64s 91	100	181%	1815	-84	+81/8	5.88
Montreal Urban 574 93	100	180%	100%	+614	+674	5.68
Montal Isa Finance 6 93	100	1924	1827/2	B	+01/2	5.14
Nisshiri Steel 64, 91	100	99%		444	+814	6.27
Norsk Hydro 51/2 98	190+	97 ~	971/2		-BV	5.7B
Osterr Drawkraft 6 83	100		10254	Ŏ	-81/4	5.66
Cistor Post Bya 91	100		102%	ă	8	5.69
Quebec Hydro 5 1/2 83	100		109%	Ē	-01/2	5.41
Selásuri Hausa 6 93	180		1814	-04		5.80
Sumitorna Metal Ind 6 91	100		1611/2	Ĕ	+11/4	5.77
Toboku Bac Power 6 93	100		1001/2			5.54
Trizac Corp 6% 91	100	1011/2		8	-01/2	5.97
World Bank 54a 93	100	97	97%	ă	Ē	6.87
Ar. price chang					-	
we have energ		-,		T 18		

		10136	102%	+8%		7.1
E LB. 844 92	15	18134	18714		Ĭ	7.1
Japan Aubnes 77 x 87		1811/2	103	Ē	+8%	7.2
New Zeeland 7% 89	15	1923	16714		+0/6	7.0
World Sank 83/s 82	20			. 16-		•
As. piece com-	14:	DEP 4. 4				
•				ومست		
OTHER STRAIGHTS	lasued		Offer		World.	Yes
Bridge Col 11% 93 CS	25t	94	9445	. 0	+ QVa	12.
Case Pac Secs 11 % 90 CS	75t	58	2810	-01/4	Q	12,
Chart France 11% 95 CS	401	9374	944	+04=	- 01/4	12,
Horres 1244 93 CS	103	9474	95 4		101/2	13.
Duebec Province 12 93 CS	501	59	151/			12
TD MTG Corp 121/2 88 CS	401	9844			-04	12.
Yerox Canada 12 88 CS	407	98	95%			12,
Forestarks 11 1/2 96 ECU	40		10374		Q	114
Seemaka 11 Va 81 ECU	46	99V4		•	+81/4	11.
Cooso) Feeds 71/s 88 Fl	199	95	351/2		_QVa	8.5 9.1
Elect Supply 634 88 Fl	75	95%			+014	
Nederland Gas 7 1/2 BB Fi	100	98_	987/2		+8Va +8Va	7.! 3.i
Phriigs Lamps 744 88 Fi	100	26%			+044	8.
P.H.P. 34 88 Fl	50 100	99 ⁷⁴ 944			+81/2	ī.
Sweed Exp Cred 73/4 88 FL	100 400		1914		+11/2	13.
D.K.B 14 86 FF	200	1867	102%	+044		13.
Solvey & Cie 14% 88 FF	50 50	96%			+0%	12.
B.F.C.E. 1145 88 2	50 50	100	1994			11.
CEPME 114 95 C	351	981/2			-814	11.
EEC 11% 91 £	50	19974		+67%	+044	11.
For For Ind 101/2 90 £	30	95	55	+0%	i	11.
Fin For Ind 12V4 88 £	30		183%		- 676	11.
Fin Mat Orani 124e 92 £	30		18274		+8%	12.
Gen Elez Co 1242 89 £	50		183%		9	113
Mont Bi Fin 1134 BS E	15	96	97	+8Y	-514	12.
Harsk Hvelra 12 80 £	30		182%		+81/4	11.
Suehec 141/2 89 £	36		1984		+84	12.
S M C.F. 1147 89 E	38		974		+9%	12.
Sweden 1144 93 £	50	234				12.
Swed Exp Cred 11 % 88 £	.30	98%				12.
World Bank 11 % 88 £	100	87%			+8%	11.
World Bank ? 14e 91 £	75 580		1967		- 1/2	10
Euratom 11 93 Linfr	600 200		163% 163%		0.	18.
Europerat 18% 93 Losfr	Onn	102.76	10344	•	•	143
FLOATING HATE						
ROTES	Spense	564	0/ 1 -	Caleir	C.cpm	C.,
8.F.C.E. 514 87	014	9974		27/1	18%	18.
B.F.C.E. 514 88	QV4	5574		29/1	18,12	18.
Course Not Tale 5 Vs SO	874	22		21/10	9.55	3.1
C.C.F. 514 95	014	69	994		10.19	18,
C.C.F. 514 98	2) Y4	98%		24/9	3.54	. 2.5
Ceome 5 V4 88 WW	₿¥Ł		100		10,58	
Commo 5 V4 92	014	951/2		10/12	181/2	181
Chemical NY 54: 94 ft			180%	23/9	19.82	
C.N.C.A. 5¼ 95 XW	0W	98		7/12	18	10,0
C.N.T. 514 81	01/4	9874	39		974	1.
Cardia Assistada Elle Q7	กห	98 Ve	野牧	24/9	LU .	10.0

FM:F7F 3.46 97 Vite ************************************		9874	22	\$/11	914	9.36
C.N.T. 5¼ 91	01/4					
Credit Agricole 51/4 97	844			24/9	18	10.86
Credit Lyonsaks 51/4 94	944			6/1		10.39
Credit Lyanneis 544 97	044			1/18		10.14
Credit Nat 514 94	04			3/2		1.32
E.D.F. 5¼ 95 XW	844				11-4	11,40
E.C. 5 90	01/4	95%	100%	5/1	18.19	18.19
Kenselfis Osake 51/2 92	014	100	19014	5/11	91/2	9.11
Long Term Cred 514 92	DVs.	100		27/11	574	5.74
(Nil) (Nil) (Nil) (Nil)	BVa.			12/11		18.73
J.P. Morgan 544 87 S		10014	100%	7/10	10.01	
New Zealand 544 87	۵Ye					
NZ Steel Dev 544 92	044	100		22/22		
Nigonon Create 5 Va 80	6v.			10/2	111/4	13.18
Sec Generale 514 90 XW	044			9/11		1. 21
Société Générale 51/4 95	0%			1/3		
Sweden 51/4 88	014	98%	180Ve	28/2	10,19	18.19
Sweden 514 93	D¥4	1881/4	1881/2	3/2	11.18	11.16
Ar. price chang						
(3. p		_,				
CONVERTIBLE	Corre	Com.			Chy.	
ROMES	date			Offer	day	Preside
Bridgestone Tire 51/7 98	3193			195%		5.82
District the 244 down-	7/02					17.56
Canon 7 97	1/82			2351/2		
Danca Sec Co 51/2 98	19/83	508	97	3814	+840	2.94
Danes Sec Co 51/2 98	10/83 2/82	508 515	97 1884s	9814 1884	+846 -842	2.94 9.73
Panez Sec Co 51/2 98 Hitachi Cable 51/4 98 Honda Motor 51/4 98	10/83 2/82 8/83	508 515 854	97 1854 33	98% 188% 99 .	+8% -8% +1%	2.94 9.73 5.55
Hitachi Cable 5 4 96	10/83 2/82 8/83 3/82	508 515 854 759,6	97 105% 98 113%	98% 188% 99 . 114%	+846 -842 +136 +344	2.94 9.73 5.55 4.60
Banes Sec Co 5½ 98	10/83 2/82 8/83 3/82 10/82	508 515 854 759,6 409	97 1884s 98 1134s 1214s	98% 188% 99 . 114% 123%	+846 -832 +136 +334 -214	2.94 9.73 5.55 4.60 -2.25
Banna Sec Co 5½ 98	10/83 2/82 8/83 3/82 10/82 2/83	508 515 854 759,6 409	97 1884s 98 1134s 1214s	98% 188% 99 . 114%	+846 -832 +136 +334 -214	2.94 9.73 5.55 4.60 -2.25 13.99
Banna Sec Co 5½ 98	10/83 2/82 8/83 3/82 10/82 2/83	508 515 854 759,6 409	97 1884 98 1137 1214 1214	98% 188% 99 . 114% 123%	+8% -8% +1% +3% -2% +8%	2.94 9.73 5.55 4.60 -2.25
Banna Sec Co 51/2 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83	508 515 854 759,6 409 762 867	97 1884: 98 1133: 1274: 11534: 129	98% 188% 99 . 114% 123% 116% 136%	+8% -8% +1% +3% +3% -2% +8% -0%	2.94 9.73 5.55 4.60 -2.25 13.99
Bawa Sec Co 5 Vs 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83 6/83	508 515 854 759,6 499 762 667 396	97 1884s 98 1137s 1275s 1157s 129 1097s	98 \(188 \) 99 \(114 \) 116 \(\) 136 \(\) 136 \(\) 136 \(\) 118 \(\)	+8% -8% +1% +3% +3% -2% +0% +0% +0%	2.84 9.73 5.55 4.60 -2.25 13.99 -0.56 7.22
Barra Sec Co 51/2 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83 6/83 2/82	508 515 854 759,6 409 762 867 395 765,9	97 1884s 98 1137s 1275s 1157s 129 1097s 1855s	98 \\ 188 \\ 99 . 114 \\ 123 \\ 116 \\ 136 \\ 136 \\ 118 \\ 187 \\ 187 \\	+ 63% - 63% + 13% + 33% - 23% + 63% - 03% + 63% 0	2.94 9.73 5.55 4.66 -2.25 13.99 -9.56 7.22 5.59
Bawa Sec Co 5½ 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83 6/83 2/82 4/83	508 515 854 759,6 499 782 867 396 785,9	97 1884: 98 1137: 1274: 1157: 129 1097: 1854: 1014:	98% 188% 99 - 114% 123% 116% 136% 136% 118%	+ 63/6 - 63/2 + 13/6 + 33/4 - 23/4 + 63/6 - 03/6 + 03/2 + 03/2	2.94 9.73 5.55 4.66 -2.25 13.99 -9.56 7.22 5.59 12.84
Bawa Sec Co 51/2 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83 5/83 2/82 4/83 4/83	508 515 854 759,6 499 762 867 396 765,9 984 770	97 1884s 98 1137s 1275s 1157s 129 1097s 1855s 1015s	98% 188% 99 - 114% 123% 116% 136% 136% 118% 187%	+8% -8% +1% +3% -2% +8% -0% +0% +0% +0%	2.94 9.73 5.55 4.60 -2.25 13.99 -9.56 7.22 5.50 12.84 -2.95
Bawa Sec Co 5 Vs 98	19/83 2/82 8/83 3/82 10/82 2/83 5/83 6/83 2/82 4/83 12/82	508 515 854 759,6 409 782 867 395 765,9 984 778 1331	97 188% 98 113% 127% 115% 128 108% 108% 101% 102%	98% 99. 114% 123% 116% 130% 130% 118% 187% 102% 91	+8% -8% +1% +3% +3% -2% -0% +0% +0% +0%	2.94 9.73 5.55 4.60 -2.25 13.99 -9.56 7.22 5.59 12.84 -2.95 18.40
Bawar Sec Co 5 Vs 98	10/83 2/82 8/83 3/82 10/82 2/83 5/83 5/83 4/83 4/83 12/82 3/82	508 515 854 759,6 409 762 867 396 765,9 984 770 1331 927,2	97 1884 98 11374 1274 11574 10974 10174 1024 6274	98% 188% 99 . 114% 123% 116% 130% 118% 187% 102% 91 104% 94	+8% -8% +1% +3% +3% -2% -0% +0% +0% +0% +0%	2.94 9.73 5.55 4.66 -2.25 13.99 -9.56 7.22 5.59 12.94 -2.95 18.40 12.95
Bawa Sec Co 5½ 98 Hitachi Cable 5½ 98 Henda Mitror 5¼ 98 Henda Mitror 5½ 97 Kumagai Geni 6½ 97 Kumagai Geni 6½ 97 Minebes Co Lid. 5½ 58 Nippon Ge Co 5½ 98 Nissan Moter 554 98 Olympus Ogncal 6¾ 97 Orient Jensing 5½ 97 Orient Jensing 5½ 98	19/83 2/82 8/83 3/82 10/83 5/83 5/83 2/82 4/83 12/82 8/83	508 515 854 759,6 409 762 867 396 765.9 904 1331 927.2 2689	97 188 188 113 127 115 115 115 115 115 110 110 110 110 110	98% 188% 99 · 114% 116% 130% 1187% 187% 91 186% 94 95%	+8% -8% +1% +3% +2% +8% +0% +0% +0% +0% +0% +0%	2.94 9.73 5.55 4.60 -2.25 13.99 -9.56 7.22 5.59 12.84 12.95 -3.29
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SVENSKA CELLULOSA AKTIEBOLAGET SCA

9% Convertible Subordinated Bonds 1998 NOTICE TO BONDHOLDERS

As announced in a Notice to Bondholders published on August 16, 1983, the conversion price applicable to the captioned Bonds would be subject to adjustment, should a proposed Bonus Issue be approved by an Extraordinary General Meeting of share-holders to be held on September 1, 1983.

The proposed Bonus Issue has been approved by the Meeting

As a consequence thereof NOTICE IS HEREBY GIVEN to the As a consequence thereof Notice 13 PEREST GIVEN to the Bondholders that the Principal Conversion Agent has determined in accordance with Condition 3 (g) 2 of the Bonds that the conversion price in respect of the Bonds shall be adjusted from Swedish Kronor 357.— to Swedish Kronor 178.— with effect as from September 1, 1983.

Sundsvall, September 1, 1983

The Board of Directors

AMEV in 1983

Continuing progress in first half year

- Net profit for the six months ended 30 June 1983 rose by 8.7% to Dfl 91.2m compared with Dfl 83.9m for the same period last year.
- Group income improved by 13% to Dfl 2,461m.
- Profit from life assurance before taxation and provisions, but including realisation of investments, was up by Dfl 14.7m to Dfl 87.4m. Non-life insurance profit for the period fell from Dfl 29.6m to Dfl 20.5m, and profit from other activities increased to Dfl 11.5m (1982:Dfl 9.6m).
- Shareholders' funds increased by Dfl 251m to Dfl 1,555m.
- Barring unforeseen circumstances, the directors expect a further increase in profits for the full year of at least 5%.

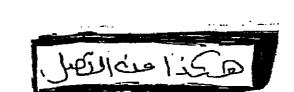
N.V. AMEV

AMEV is an international insurance and financial group based in the Netherlands. Its operations in the UK are conducted by Gresham Life Assurance Society (traditional life assurance and pensions business) and AMEV Life Assurance (unit-linked assurance), the name of which is currently being changed to Gresham Unit Assurance.

Copies of the 1983 Half Year Report can be obtained from AMEV Limited, 2-6 Prince of Wales Road, Bournemouth BH4 9HD. Tel: 0202 760297

N.V. AMEV Utrecht The Netherlands

(£1 = approx Dfl 4.50)



SECTION IV

FINANCIAL TIMES SURVEY

Friday September 9, 1983

BERMUD

BERMUDA, the oldest self-governing British colony, is facing a period of extensive change within its economy which could have a major impact on growth and development in the next few years.

On the surface, all is calm in the country, where the population amounts to the size of a small English town and where the capital, Hamilton, resembles a tropical Tunbridge Wells. Indeed, Bermuda is politically stable. Premier John Swan's United Bermuda Party enhanced its majority during the elections in February and now holds 26 seats in the colony's tiny Parliament, compared with the opposing, mildly Left-wing, Progressive Labour Party's 14 seats.

The governing party's majority was increased from four seats to 12, assuring the United Bermuda Party of power for up to five years.

The one disturbance on the outward political calm came earlier this year in the form of an unseemly row over the British governor of Bermuda, Sir Richard Posnett and his expanses.

penses.
Sir Richard, like all governors. Sir Richard, like all governors, had been appointed to the post by Britain and had held his position since 1981. He resigned in predominantly white rule over a population of which more than population of which more than allegations about his expenses by the Bermudians. The expenses of governors are met by eased by the emergence of Mr the local government and the Swan, a black Bermudian row appears to have had as businessman, as premier last much to do with Sir Richard's year. With virtually full empressional styles.

In short, Sir Richard did not a change in the political order fit easily into the role of of things, governor of Britain's oldest Rather, colony. He expressed some distaste for ceremony, asking the crossroads. Bermuda, a country cabinet if he might be excused about 21 miles long and one from wearing the governor's mile wide, has no heavy or light plumed hat when reading the speech from the throne at Parhas a very small fishing industry Hament. He was, apparently, and an inadequate agricultural also distinctly unenthusiastic output. Everything is imported about the demanding Bermudian into Bermuda and a principal social scene which he had to source of revenue is earned for enter into as governor.

did nothing to harden attitudes among the population about whether Bermuda should seek

60 per cent is comprised of black Bermudians, have been personal style as governor as playment, and a prosperity of with the various allegations that \$11,340 gdp per head there are were made. not the economic pressures for

Rather, it is the country's economy which has reached the inter into as governor. the country through customs. The departure of Sir Richard tariffs on most imported goods. The cost of living is high

among the population about because the goods are imported whether Bermuda should seek but the standard of living is on independence from Britain as a par with the U.S. The tourism According to the Minister of Bermuda is 774 miles South east ments, along with receipts from the South east ments, along with receipts from the South east ments, along with receipts from the shipping register and other has been established over a over half of exports while commercial services sold number of years through polls international business activity is abroad, brought total earnings

International business is still the cornerstone of the island's economy

BY JOHN MOORE

also a major contributor to the prosperity of the country. rived primarily from the purchase of goods and services by the companies set up by the overseas firms to take advantage of the favourable tax controlled by overseas parent encouraged a variety of entrepreneurial activity. During the pany registrations.)

(Fewer than 200 of the exempt of last February, the Government in the country, and many of those groups established are only files in a filing cabinet. Those that do have offices are community and the liberal usually the insurance concerns, controlled by overseas parent encouraged a variety of entrepreneurial activity. During the pany registrations.)

(Fewer than 200 of the exempt of last February, the Government warned: "It is improbable that the high rate of expansion of the offshore industry during the "70s will continue. In the controlled by overseas parent companies, which account for pany registrations.) missed as "a little local diffipreneurial activity. During the 1950s overseas companies started to move into Bermuda in significant numbers, a trend which rapidly developed in the

Tax advantages

up a company, with the prime object of carrying out business outside the island can claim exemption for its Bermuda operation from requirements in the country governing companies serving the local popula-tion. The absence of income tax, corporation tax, withhold-ing or capital gains taxes provided a main attraction for overseas companies to set up operations in Bermuda.

The so-called "exempt" companies number more than 5,500 and in the financial year ending 1981 spent \$130m. In addition to this revenue, foreign receipts from the local banks foreign currency and trust business,

from international business to around \$200m, equivalent to

Most of the growth in interestablished captive insurance national business has only taken groups in the country. place in the past 12 years or so. The number of companies in the insurance field has risen more than tenfold since the sought to reduce their insurance costs through the establishment of in-house "captive" insur-ance groups based in Bermuda

As the insurance groups have attempted to turn themselves which have alread into conventional insurance a presence here. recent survey showed that 2,314 people were employed by inter-national companies with offices in Bermuda, some 63 per cent of which were Bermudians. International insurance groups employed 1,070 Bermudians and recent years, tourism remains

But both these twin props of the Bermuda economy, inter-Bermuda's earnings from more than two-thirds of the national business and tourism, international business are de-rived primarily from the pur-chase of goods and services by companies have a physical pre-of last February, the Govern-

Consolidation

The review continued: "There are already signs of a significant reduction in the number of net company formations each year. In 1977/78 net formations were ance groups based in Bermuda 500; in 1981/82 the number through which they could insure the risks of the parent company.

500; in 1981/82 the number dropped to 239 and has fallen since." The Government company. likely to be a period of consolibecome more established, many dation rather than extensive of the captive companies have growth at least for those sectors attempted to turn themselves which have already established groups, albeit often owned by course scope for widening the an industrial or non-insurance range of international business an industrial or non-insurance interest. As they have evolved, they have established local offices with permanent staffs. A development place the minimum of the place the place development place the minimum infrastructure."

SOMERSET



Bermuda's Premier, the Hon. John Swan, 47 (left), whose United Bermuda Party enhanced its majority during February's elections. Right: Deputy Premier and Minister of

insurance and tourism, the challenge for the colony in the 1980s is to establish a more mixed economy in a way which will not strain the country's limited resources.

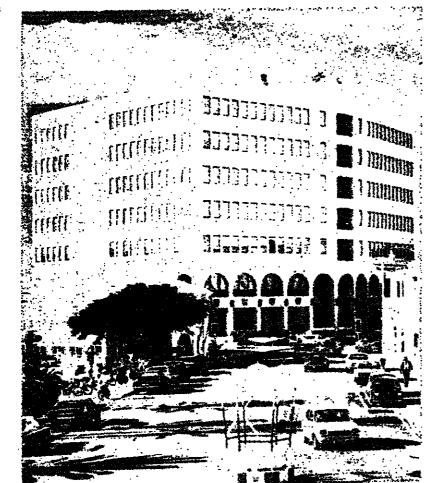
While the two main business activities of Bermuda are international

BERMUDA

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- Banking sector: slower growth forecasted IV
- Stock market: small but ● U.S. links: a major influ-
- ence on the island's economy V Shipping: how Bermuda
- makes its mark on the world shipping scene ... V ● Tourism: campaign attract more U.S. visi tors VI
- Association: its intended role Vž Business guide VI

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Incorporated in 1890,

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TOTAL ASSETS - U.S.\$2,191,385,016

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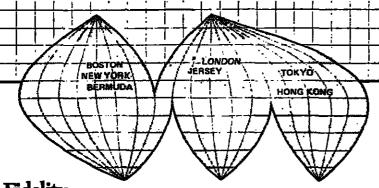
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Dedication

No conflicts with banking or insurance interests.

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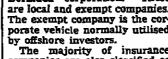
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Exempted Companies Tax Protection Act 1966, which allow the incorporation of companies to carry on business outside Bermuda from an office within

with other exempt companies, but are prohibited from competition with domestic corporations in the local market. If an insurance company intends underwriting a mix of the local market to the Admission Committee for the amount of capital required to the Admission Committee for the amount of capital required to formation will be required to the application. Report the specific company in t come and capital taxes up to the year 2006 if requested.

Prior to 1970 exempt com-panies could only be incor-porated by a specific Act of Parliament, but since the enactment of The Companies (Incor-poration by Registration) Act of 1970 the procedure has been greatly simplified.

The procedures introduced in

Ine 1970 Act were updated in later legislation, which repealed the 1970 Act, and mutual companies may now also be incorporated by registration. porated by registration.
Incorporation by registration

is a relatively simple process. The registrar studies the rechange control restrictions adequacy of the proposed advertisement in an appointed capitalisation, premium volume, Bermuda newspaper indicating relationship of premiums to Insurers and the Rance Re-Bermuda newspaper indicating the proposed company name. All the proposed company name. All the proposed company name and the fact that it is to be an exempt company and the principal objectives of the company. Once the advertisement has been placed, an application for a permit to incorporate may be filed with the Minister of Finance at any time within three months after publication of the advertisement.

advertisement.

In the application to the Minister to incorporate, companies are required to provide a variety of information. Insurance companies are required to detail their operations while all companies, including insurance groups, have to provide a

Bermuda corporation. These the company, bank references are local and exempt companies. and the parent company finan-

insurance companies are trans-acting general insurance busi-

ness.

If the insurer is underwriting mainly life Bermuda from an office within Bermuda.

These companies are also allowed to transact business with other exempt companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies, but are prohibited from companies are also capital required is \$250,000. If an insurance company in tender written, and insurance groups seeking admission to Bermuda are to be referred to this committee in an effort to improve controls within the Bermuda market.

the details are reviewed registrar of Companies under delegated powers from the Minister, particular attention any questions. Deep the approval of the insurance programe of any seeking insurance company seeking committee is given, the foreign exchange control department is notified that the proposed committee is in-

gramme which when opera-tional will not hurt the reputa-tion of the island.

THERE ARE two forms of memorandum of association of of the Insurance Adivsory Committee established by legis lation to advise the Minister on The exempt company is the corporate vehicle normally utilised by offshore investors.

The majority of insurance companies are also classified as exempt companies under Bermuda legislation and the Exempted Companies Tax Promise are local statement.

The companies legislation the implementation of the legislation and other matters.

Until recently, all applications for incorporation were referred to this committee where the proposed insurance promises are also classified as exempt companies under Bermuda legislation and the implementation of the legislation and other matters.

Until recently, all applications for incorporation were referred to this committee where the proposed insurance promises are also classified as exempt companies. Tax Promise insurance companies, the proposed insurance promises are also classified as exempt companies ow to set up a new business

John Moore and Adrienne Margolis report that overseas investors can create 'exempt' companies in Bermuda with relative ease.

> and where the gross premiums on such business is expected to exceed 10 per cent of the gross premium underwritten.
>
> Now all insurance groups

is \$370,000.

On receipt of the application the details are reviewed by the Registrar of Companies under delegated powers from the delegated powers

corporated.

This notification is necessary so that Exchange Control can dent status and free the proposed company from the exchange control restrictions

Key contacts and addresses Clarendon House, PO Box 391, Hamilton 5, Tel: (809-29) 5-

HERE are some useful contacts and addresses for visit-

The Bank of Bermuda.
Front Street, Hamilton, 5-31,
Tel: (809-29) 5-4000.
The Bank of N.T. Butterfield, Front Street, Hamilton,
5-24. Tel: (809-29) 5-1111.
Bermuda Provident Bank, Church Street, Barclays Inter-national Building, Hamilton, 5-24. Tel: (809-29) 5-5678.

• Major firms of lawyers:

Appleby, Spurling & Kempe, PO Box 1179, Hamilton 5. Tel: (869-29) 5-2244. Conyers, Dill & Pearman,

ance Company. The committee's report on the future direction of international companies business in Bermuda. published last November, recommended a rise in the minimum capital of insurance groups to improve security.

Share capital

Insurance companies underwriting general business starting underwriting after Jamuary this year should have a minimum share capital of \$250,000; life insurance companies. \$500,000; and composite insurance companies these groups these groups these groups the start of such concerns is neither desirable nor necessary."

As for insurance companies, the Ministry felt that it may be premature to increase the minimum limits as new insurance companies, the start of the start o ance companies, those groups underwriting both types of busi-ness, \$750,000. Non insurance exempt companies should provide minimum capital of \$25,000 instead of \$12,000.

Existing companies with a capitalisation below the new levels would be allowed five years in which to meet the minimum requirement.

The Ministry of Finance said that it was "not convinced that

Accountants:

Chamber of Commerce:
Bermuda Chamber of Com-

merce, PO Box 655, Hamilton. Tel: (809-29) 5-4201.

Accountants:
All the big eight accounting firms have representation in Bermuda including:
Coopers & Lybrand, PO
Box 1171, Dorchester House,
Hamilton 5, Tel: (809-29) 5-

Touche Ross & Co., PO Box. 279, Atlas House, Reid Street, Hamilton 5-24. Tel: (809-29)

it would be practical, particu-larly if applied across the board."

It added: "Numerically, the

nt added: "Numerically, the most important group of exempted companies are investment holding companies established to handle the investments of individuals or families. To require an increase in the minimum capital of such concerning the most desirable most masses.

premature to increase the innum limits as new insurance legislation had been coming into force since 1978. It argued that the legal requirement of a solvency margin in insurance groups, requiring capital and surplus to be increased in proportion to the growth of the commany's business would company's business would achieve the Rance committee's objectives.
The Finance Ministry stressed

that it would continue to review the minimum capitalisation that it was "not convinced that levels c, insurance companies.

Cornerstone of island's economy

CONTINUED FROM PREVIOUS PAGE

exchange earner and most important employer. In 1980/81 gross foreign exchange earnings from tourism totalled \$292m. Employment in the hotels alone numbered in excess of 5,600 in mid-1980, nearly 18 per cent of the labour force, while it is estimated that a further 2,000

generated directly by tourism.
Something like 75 per cent of capacity in the spring and summer of 1979-80, since 1980-81 there has been a recession, influenced largely by the for-tunes of the economy of the U.S.

from where most of its visitors come from. Even so, the working popula-tion has been growing more slowly than the demand for labour and, although tourism has been in recession, wages have shown significant increases. A moratorium has been introduced on the building of new hotels, together with a strict phasing policy for increasing capacity at existing hotels. This has been prompted by environmental and infrastructure considerations, in particular the need to avoid unacceptable strains on the country's limited supplies of land, labour and transport and to maintain the standards of existing tourist amenicles. As a result there has been more efficient utilisation of existing capacity. But cost pressures are increasing in the hotel industry which has led to fur-

ther increases in rates. The government concluded in its economic review that the decline in tourism since the late spring of 1981, "has demonstrated that economic growth is by no means assured."

by no means assured."

At the same time, while the growth in formation of international business has been slowing down, there are signs that companies, rather than consolidating their position in Bermuda, are withdrawing or relocating their activities. The insurance industry in Bermuda has been touched by the recession which exists elsewhere in the international insurance and reinksurance community. reinksurance community.
There is world-wide over

capacity in insurance markets and those companies in Berand those companies in Bermuda which have rushed to develop their portfolios of business in an effort to become fully fledged insurance companies have encountered a mixed experience. Phillips Petroleum's Walton Insurance company in Bermuda suffered huge losses by attempting to widen its business portfolio and is now wikindrawing from insuris now withdrawing from insur-ance of business other than that risks of its parent company, Phillips.

In turn, the withdrawal of groups from certain classes of underwiting or the relocation of their offices nearer to their parent compenies in an effort to improve efficiency has led to redundancies in the eBrunda insurance community. So far the government is fairly phlegmatic about the likely impact that the withdrawal of some of the international groups, arguing that it has been possible for those made redundant to find jobs elsewhere, while the departure

of the ex-patriate underwriters

and the impact on the economy has yet to be fully felt.

The government wants international business to remain the cornerstone of Bermuda's economy. The economic review observed: "In many respects a greater emphasis on international business to remain the cornerstone of Bermuda's economy. The economic review observed: "In many respects a greater emphasis on international international business to remain the cornerstone of Bermuda's economy. The economic review observed: "In many respects a greater emphasis on international business to remain the puter system design complete puter system de spending by exempted undertakinge is likely affected directly or indirectly by susceptible to sharp fluctuations tourism. But while the tourist than are earnings from tourism." International business is less susceptible to sharp fluctuations International business is less labour intensive, an important factor in an island sensitive to the smallest increase in its workforce and the consequences on the infrastructure and the economy. International business offers a wider variety of skilled job opportunities to local residents.

The government is, therefore, planning to develop Bermuda's business activity within the insurance industry and in the computer software and tele-communications field, and with

BASIC STATISTICS

jobs in the restaurant, transport greater emphasis on inter-and other service sectors are national business might prove Exports (1981/82): BD\$621.3m† generated directly by tourism. advantageous." It added: "Local Imports (1981/82): BD\$472.9m Currency: Bermudian dollar

new businesses among the which, it is hoped, will be attracted to the island.

At the same time — because of the problems which the recession has brought the Bermuda-based international insurance community there is a general reluctance to fetter the industry in any way which would discourage it from operating within the island.

Any unreasonable official deterrents to the smooth operation of offshore business should be identified and eliminated," the government said in

this in mind, a Ministry of February. While the governhas relieved some of the
chronic pressure on housing
supply within the country. But
the shakeout in the insurance
community is likely to continue
and the impact on the economy
the results followed to the community
that we to be differ felt. business environment, an onerous clampdown is not con-TATISTICS remplated. However, a more improved method of pre-admission screening is to be made before companies are admitted discussion is to take place with the insurance market to identify possible corporate

> insurance community. The real challenge Bermuda in the 1980s is to establish a more mixed economy in a way which will not strain the country's limited resources, thereby helping to offset the volatile cyclical effects of its main business activity, tourism, and to a lesser extent insurance. For economic development is undergoing an extensive period of reassessment by the present government. Bermuda's future prosperity could be heavily influenced by its outcome.

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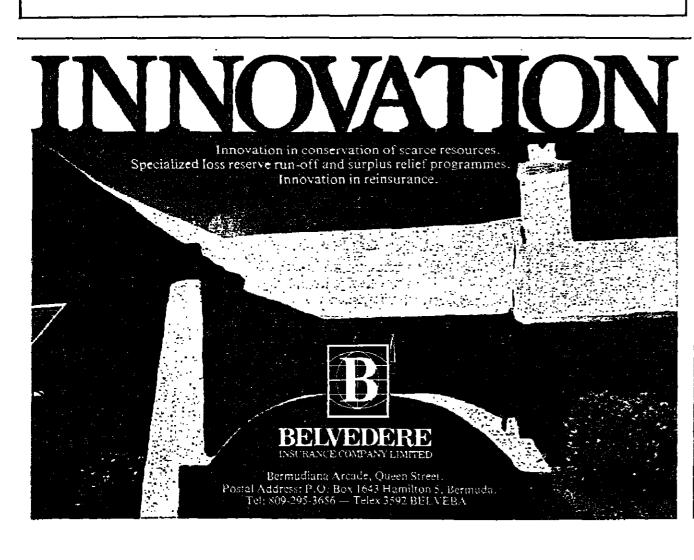
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BERMUDA III

John Moore examines the growth of Bermuda's \$5bn insurance market. More than 1,200 insurance companies now use the island as an offshore base.

World's largest 'captive' insurance market

BERMUDA'S \$5BN insurance market has suffered a number of shocks in the last few months which could have wider repercussions on the country's

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Walton Insurance Company, the Bermuda based insurance arm of Phillips Petroleum, has been hit by heavy losses amounting to a net \$60m The group is contracting its operamake a number of redundancies.
Continental Reinsurance Corporation (Bermuda), part of Continental Corporation, the in-

surance group, has decided to relocate its Bermuda operations to New York in a move to improve efficiency and cut costs.

Mentor Insurance, a wholly owned subsidiary of the New Orleans-based oil exploration group, Ocean Drilling and Exploration ploration Company, has decided to transfer a large part of its Bermuda-based underwriting business to sister companies in

the United States. Alexander International, part of Alexander & Alexander Services, the world's second largest broker, has announced rationalisation moves following its parent company's take-over of the London-based broker, Alex-ander Howden last year.

Complications

The worsening trading conditions in the Bermuda insurance community have been compli-cated by another factor. Some of the troubles developing in the Lloyd's of London insurance market have involved transactions which have been carried out in the Bermuda market. The Bermuda authori-ties are concerned about the effect that the troubles surfac-ing in Lloyd's will have on the Bermuda insurance community and its image in other impor-tant insurance communities.

The most significant development in Bermuda's business activity since the late sixtles has, in fact, been the growth of the insurance industry. Ber-muda has emerged as the world's largest "captive" in-surance market with insurance groups turning over an esti-\$5bn a year. The market is composed of insurance and reinsurance companies, formed by non-insurance interests to insure or reinsure the

risks of the parent company. In forming these companies, some of the largest industrial

companies has meant that pre-miums are fixed in relation to the loss experience of the parent company. If the group placed its insurance business with an independent insurer which had suffered a bad experience in its underwriting of similar business for another similar business for another industrial company, the premium rates unight be disproportionately high for an industrial company with a good record in insurance claims.

The establishment of a
captive can ensure that the pre-

miums charged reflect more accurately the risk which is

being carried by the insurer. There have been other attractions. Bermuda does not have any income tax, corporation tax, 1978. withholding tax, tax on profits, or any other taxes. Subsidiaries of overseas parents operating on the island can claim exemption. Insurance subsidiaries could operate in a cost effective way on the island while building

enough reserves to meet claims. The number of companies in the insurance field in Bermuda has risen more than tenfold since the late sixties and now exceeds 1,200 out of more than 5,500 companies which are using Bermuda as an offshore

Fortune 500 have established captive insurance concerns in Bermuda. The Ford Motor Company, Exxon Corporation, Dana Corporation, Transocean Gulf Oil Company, Armco Steel. for example, have established captive insurance groups on the As the companies have be-

come more established so they have been looking at ways to expand their business, insuring risks other than their parent company risks.

Their expansion into third party or non-related business was given impetus by the Internal Revenue Service in the U.S. which in the 1970s ruled that parent company insurance premiums paid across to an in-

The Walton affair in Bermuda some of the largest legustrial the world, have been able to reduce their insurance costs.

The Walton affair in Bermuda they argue that tends to dominate market talk, the possible irregularities are likely to have taken place in non-related business sometime.

London rather than Bermuda.

The Walton affair in Bermuda they argue that tends to dominate market talk. The possible irregularities are likely to have taken place in London rather than Bermuda.

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Some of the largest legustrial tends to dominate market talk.

Mr Malcolm McLachan, vice-president and underwriter at Ancon Insurance Company, Exxon's Bermuda insurance subsidiary formed in 1942, notes: "There is a market here for non-related business, but profitable business is increasingly difficult to find. The care which is being exercised in underwriting non-related business here is a reflection of underwriting business world-

Ancon has been developing its non-related business port-folio since 1979. "We have fewer than 200 contracts in force on the non-related side. Contrast that with the 7,000 the Walton took on its books since 1978. There aren't in my opinion 7,000 treaties in the world worth underwriting. I doubt whether there are 700. Our acceptance ratio is very small. Out of 600 treaty subseason we actually wrote 14,"

The Walton formed in Bermuda in 1971, was less selective in its underwriting. At the end of 1982 the Walton's book of non-related business amounted to five times the amount of business provided by the parent company, Phillips Petroleum, on the insurance of its own risks. The group insured large lines of aviation business and market estimates suggest that the group took on around tion insurance business. By comparison Ancon's non-related business accounts for under 10 per cent of its total.

Interest

Large lines of business were produced for the Walton through a broking company in which it had an equity interest, Insurance and Reinsurance Brokers (Bermuda), in which Alexander & Alexander Ser-vices, C. E. Heath, both among the world's largest brokers, and

bouse captive insurance company would not be allowable for tax purposes.

Because the original IRS ruling indicated that premium tax deductibility would be related to the amount of business this year. It has said the pressure on that it will be continuing to transact business this parent to its subsidiary, many captive to its subsidiary, many captive to owners looked for ways to reduce the reliance of their insurance company on parent fully met from its own internal of growth of the 1970s is surance company on parent fully met from its own internal

In Bermuda they argue that

vant tighter controls on admis To this end, the Bermuda Association has made representations to the Minister of Finance that all insurance com-Finance that all insurance companies should go before the Insurance Admissions Committee. In the past it has only been necessary for insurers who plan to underwrite product liability or professional liability insurers who have had to be screened by the admissions committee.

committee. The Bermuda Independent Underwriters Association is also planning to appoint a "con-sultant" who would investigate on the association's behalf any broker or insurance company suspected of unethical practice in the Bermuda market. "We are anxious to keep the market clean," said Mr Jones.

The desire for more effective monitoring is shared by Mr David Gibbons, the Minister of Finance. He plans to hold regular meetings with industry representatives to ensure that problems are identified as soon as possible

He is also maintaining regular contact with Lloyd's. Over the last year Lloyd's, which was worried about the legal implicaversial information about its member firms and other companies between markets, has started to provide the Bermuda authorities with vital informa-tion to help them supervise their market. "Until a year ago getting information from Lloyd's was like extracting teeth from a chicken," says Mr

International insurance companies operating in Bermuda employ over 1,000 Bermudians employees. The contraction in insurance capacity on the island as companies withdraw, others rationalise through redundancies, or relocate, has not created a serious unemployment problem. Government officials say that it has been easy for

down and the explosive rate of growth of the 1970s is unlikely to be repeated.

A growing range of management services are being offered to Bermuda's captive

insurance companies. Overseas brokers' wider role

THE GROWTH of insurance business interests, particularly activity in Bermuda has led to in the U.S., have formed joint a greater involvement of over-captive companies, or associaa greater involvement of overseas insurance brokers within
the insurance community, in an effort to protect themthrough the establishment of a
wide variety of ancilliary services designed to support the
captive insurance movement.

The and Histoing Marsh and
that the growth of association

Marsh and McLennan (Bermuda), the captive management arm of Marsh and McLennan, the U.S.-based broker, offers management services to captive affected were small family businsurance companies until they nesses scattered across America are of sufficient size to create and they were behitheir own managements and clation movement. internal systems.

claims and inspection services.
"We don't do underwriting for clients and we do not provide investment services." says Mr
Bill Pimm, managing director of the Bermuda operation. "And Bill Pimm, managing director associations who after a feasiof the Bermuda operation. "Any bility study bring in the prounderwriting that we do is mainly administrative underassociations who seek a captive in the past few months the group has noticed some account switchwriting. By that I mean we will formation can range from few ing among broking firms, who are gaining some accounts from administer the underwriting members to 100 or more. A programmes that the client captive company is formed for wants to see implemented. But each association, who might "By the same token we have made by the client."

are of reasonable size, in the early rears of operation. Marsh and McLennan used to manage and McLennan used to manage Gulf Oil's Insco group until it became of a size to manage its own affairs in the Bermuda in
own affairs in the Bermuda in
insurers in the U.S. are willing non-U.S. We write U.S. business business in the U.S. are willing non-U.S. We write U.S. business business in the U.S. are willing non-U.S. We write U.S. business business in the U.S. are willing non-U.S. We write U.S. business business with the captive company established in Bermuda. surance market.

John and Higgins, Marsh and McLennan Companies, Fred S. James, Alexander International (part of Alexander and Alexander and Alexander Services), Rollins Burdick (could not buy liablity cover in the firms of major brokers which offer captive management services in the Bermuda market.

Taking growth of association association association captive companies in Bermuda in Bermuda as that the growth of association association associated that in Insurance Managers analyses business. We started that in Insurance Managers analyses business. We started that in Insurance Managers analyses business. We started that in Insurance Managers analyses business. We did avery coordination the risk using its own underwriters. It then approaches its solve for a maximum of \$15m this could not buy liablity cover in the commercial insurance broker arm in London, Sten-Re, who also examine the risk, which then approaches underwriters in London. "We don't run a post been so heavy it might have put office operation," says the group.

At Frank B. Hall they are some of the companies out of business.

Family firms

A lot of the companies and they were behind the asso-

Through its Bermuda com-sary If a company is making a pany and other subsidiaries product selling to a retailer or worldwide, Marsh provides wholesaler and it can't provide

such as lawyers or physicians. captive."

reinsurance underwriting faci-lity. "For example, a property captive with a short-term liabi-lity on its business is relatively easy to assess. We do that here. We have our own property

At Frank B. Hall they are

under no illusion about the quality of business which is produced for the Bermuda market y insurance professionals. Everyone knows that Bermuda does not see the best of the business. If you can weed out the business you may stand a chance of making a profit. We are turning down business at the rate of 80 to 90 per cent of all business we are shown." president of Frank B. Han (Bermuda), says that opinion is divided as to whether the growth in the captive movement has slowed. "From our point of view it has not." In the past few months the group has noticed some account switching money byting first who

we will not put a client on a represent ladder manufac lost two or three accounts. If the for a certain piece of business. That decision has to be made by the client."

The decision has to be manufacturers, chemical manufacturers, chemical manufacturers, and other interests, retain the management of the country of the c

Fees can range between such as lawyers or physicians. There are around 100 association and \$150,000 depending on the extent of the work. But a captive management service can be cost effective, providing an insurer's premium volumes are of reasonable size, in the association, it channels the risk of the association through direct insurance groups in the arrival management and underwriting structure in Bermuda with a staff which has a reinsurance grown from six to 35.

to take on the risk because the ness through the Union Indem-Insurers Managers, part of the Reed Stenhouse broking group, has identified another phenomenon in the captive market. Companies with common to take on the risk because the exposure is limited and there exposure is limited and there only insurance company of New York, 100 per cent owned by Frank B. Hall and Evensed in insured, as an association has more purchasing power.

In addition, Insurance Man-agers provides a captive man-agement service and offers a facturer, an international insur-

"Behind those two companies B. Hall captive insurance clients who wish to participate in third party non-related insurance

flow of business as Hall chan-nels business through a major client's captive and its own in-house insurance company.

Joint venture

Willis Faber (Bermuda), part of the large British broker Willis Faber, formed a joint venture, on a 50-50 basis, in October, 1981, with Texaco's captive, Heddington Insurance The new company formed is Heddington Brokers and is desurance broking services.

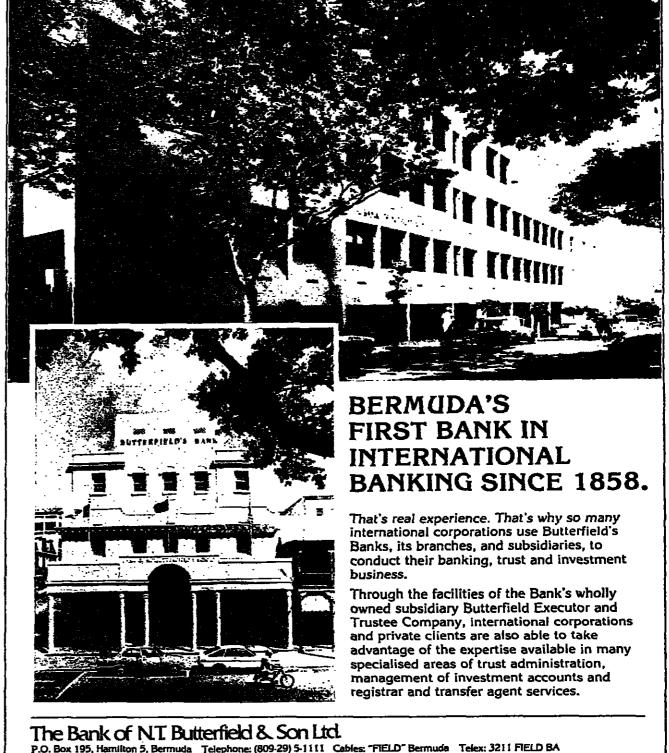
At Heddington Insurance, Mr Richard Anderson, president and chief executive officer who also holds the same position at Heddington, dates the relation-ship with Willis Faber to two years ago and the renewal season of 1981.

Heddington Insurance is attempting to break away from its captive identity and gain acceptance as an insurance subsidiary. "We are expanding our non-related book of business under rigidly-controlled underwriting in very selective markets," says Mr Anderson. "We still have a very high turn-down rate." Heddington estimates that it is declining in excess of 93 per cent.

Heddington has made it clear to brokers that there is little sense in showing the group poor rejection rate of over 90 per cent, even though we are being shown selective business which the brokers know will fit our portfolio."

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incorporated in Bermuda in 1970.

The company which is devising the scheme is The International Futures Exchange (Bermuda)—known as Intex.
Intex is the brainchild of Mr Eugene Grummer, a former Merrill Lynch executive and commodities trading expert, and Mr Junius Peake, another com-

Mr David Thompson, vice-president of the Exchange, explained the reasons for the move: "Through their experience of the futures industry,
Mr Grummer and Mr Peake saw
a system of trading which had become somewhat antiquated. The 'open outcry' method was

The 'open outery' method was efficient at bringing buyers and sellers together."

He continued: "Circumstances are changing. We have very good communications. We have had a large increase in the volume of trading in futures contracts. I believe that in 1982 something like 42m financial futures contracts were financial futures contracts were traded alone before allowing for commodity deals."

His group argues that the physical resources and energy physical resources and energy required in present day floor trading are now so demanding that there is a loss of efficiency and the heavy toll on the stamina of individuals means that trading cannot be sus-tained as long as dealers would

Intex points to the failure of some markets to extend their trading hours, which it argues is largely because of the inability of individual dealers in the market to withstand the exhausting business of floor trading over longer periods. Existing trading systems need to be modified, says Intex, and expanded to increase efficiency and provide a method

where continuous dealing can be achieved. Moreover, when volume inrreases on markets so does error, says Intex.

"We said there must be a better way," said Mr Thomspon. "Other exchanges have adapted themselves, like the foreign exchange markets."

The concept of automated

trading in the futures market has been developing for the last five years and it is only recently that the plan has begun to move forward. Intex was incorporated as a Bermuda company in 1981.

Potential

At the Intex offices a main computer complex has been established, with additional centres in London and New York. The system is capable of handling more than 70,000 transactions per hour.
Once it is in operation, Intex

says that it will offer trading hours that are at least 25 per cent longer than the U.S. ex-changes. Trading can be changes. Trading c expanded to 24 hours. The new scheme fits in well

with the Bermuda Government's desire to develop the country as a centre for computer software technology and computer marketing groups.

Like insurance, the Government sees the development of this type of activity as a non-this type o this type of activity as a non-labour intensive industry which at the same time will make a

useful contribution to the Eventually, ownership of the in the pipeline on a market tions of Bermuda because it economy.

Exchange, controlled by a group which looks increasingly attractions of Bermuda because it which looks increasingly attractions of private shareholders, will be tive when Bermuda dollar business. That is Chevy Chase Government and the growing relinquished to the members of shortages become acute.

importance of Bermuda as a financial centre Intex decided to locate its offices on the island. The regulatory authorities in other potential markets had indicated that they wanted examine the contracts which the futures trading market wanted to introduce and were also unclear as to how the contracts which were to be approved were to be regulated.

In Bermuda, Intex comes under the regulation of the Bermuda Monetary Authority and the exchange has been autho-rised by an Act of Parliament. Potential users of the Intex market have two lines of access. They can become an exchange member or they can place their futures deals with an Intex member firm. A member of the

exchange has the choice of hav-ing a trading station installed september and Decemberat his office, home, or any other place with access to tele-communication lines.

Membership

Trading memberships are being offered at \$20,000 each and only 600 trading memberships are to be sold. So far, there are 300 trading members, who in some cases have taken multiple trading memberships. Members include Merrill Lynch Commodities Inc., Samuel Montagu and Co, Sharps Pixley, Security Pacific Clearing and Services Corp and Lewis and

Peat Futures.
A member's trading staton consists of a mini-computer, a viewer, keyboards and a printer. The system allows him to see the movement of the market and a mechanism through which he can communicate deal and receive notification of purchases and sales.

Orders are transmitted to the Exchange via the trading station. Once the order is sent members receive a printed acknowledgement on their printers. Execution of the deal 1971, and known as the Beroccurs when the system matches
opposite orders or parts of
orders at the same price level. twenty companies, seven mutual

The International Commodifunds, anties Clearing House in London is undertaking the clearing functions of transactions carried not accommodifunctions of transactions carried not accommodifunctions. functions of transactions carried not accompanied by the usual out on the Exchange. The clear-hubbub of other markets, and ing house guarantees the fufil- voices are seldom raised. It has ment of registered contracts as been likened to a genteel game it does on other futures mar of bridge. Every Tuesday mornket such as the London Inter- ing in one of the island's banks Exchange.

intex says that it has limited its membership to 600 "to give a certain value to the membership. We believe that if the project is successful the walve." ject is successful the value of membership of Intex will increase quite considerably if the supply of seats is limited."

They are presided over by a Recording Referee and attended by a secretary and three bank traders who execute customers

to arrange for the lease of the trading stations.

"We were scheduled to open in June 1982 initially," says Mr Thompson. "But we have been trying to improve the system to

produce the best system pos-

sible. We have been allo / ag members to participate in meetings to meet their needs. One of the worst things we have done is try to give too many opening dates. We have lost a certain amount of credibility. But we do not want to open the exchange before we are ready."

Meanwhile, two of Intex's

principal contracts are to be
a long-term U.S. Treasury and bond futures contract, with a face value at maturity of \$100,000 and a coupon rate of 8 per cent. There are four contract months-March June.

delivery.
A gold futures contract is also offered in units of 100 troy ounces with six contract months for delivery of February, April. June, August, October and December.

The hours of dealing pro-posed are 9.30 am to 5 pm Bermuda time, which in London

John Moore

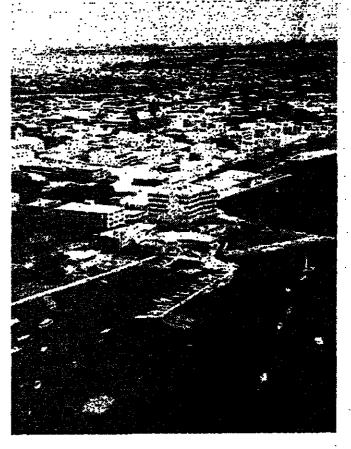
Genteel stock market

THE BERMUDA STOCK Exchange, to say the least, is a very orderly market. Set up in twenty companies, seven mutual funds, and seven bonds and de-

Trading on the exchange is national Financial Futures representatives from the three Exchange.

Cellar, a Bermuda wine company on the Exchange, one of pany, came to the market. At those 5,500 or more groups least half a dozen listings are which is exempt from the re-

An example of how the futures market could look. A review of the intended system is still underway.



 Although a long way from the bustling trading floors in Chicago, New York and London, the impact of the new futures market at Hamilton (above) could have a significant impact on the futures industry. Plans are well advanced in Bermuda's quiet capital to establish the world's first computerised futures market. The system is capable of handling 70,000 transactions an hour

to ensure that the Bermudian ted to lead the way for other ownership laws are not viola- exempt companies. The limit on ted. Total non-Bermudian ownership for exempted com-ownership in any local companies once they trade on the Recording Referee and attended restricted to 50 per cent of the traders who execute customers buy and sell orders for a fac-

exchange is 80 per cent control. limited to 20 per cent.

The exchange is in favour of market turns over shares and bonds worth more than \$5m a

Slower growth forecast for banking sector

Banks' revenues are mostly generated overseas

BERMUDA'S BANKS share a third of the banks, and until feature which distinguishes 1980 the island had a fourth—them from most other banks the now defunct National Bank worldwide—they generate more business from outside than they do locally. The largest of the three banks, the Bank of Bermuda, estimates that 96 per cent of its revenue is derived from foreign business, while its main competitor, the Bank of Butterfield, is close behind with 85 per cent. Provident is the

which was taken over by the Bank of Butterfield.

The effects of the inter-national scale of operations is seen both in the bank's balance sheets and in the range of ser-vices available to the small local population of only 55,000 on the island. Profits from overseas have assisted greatly in financing elaborate computer ystems and services. In 1982, the banking industry

fed more than \$28m into the local economy by way of salaries and benefits to about 1,700 employees. The Bermuda Monetary Authority dictates that at least 60 per cent of total voting rights must be exercised by Bermudians: 60 per cent of the directors must be Bermudian: no more than 25 per cent of capital and reserves are in 1982. lent to one customer or group In Se of customers, and accounts must be audited independently. The role of international business is also reflected in the very high levels of liquidity enjoyed by Bermuda's banks. Funds generated in the offshore industry leasted in the offshore industry located in Bermuda cannot be mixed in the local economy and banks are con-sequently great depositors of funds in the interbank market —funds placed on deposit with large international around the world.

Policy

ment of funds with overseas warns that the island's depen-banks and is at great pains to dence on overseas business establish limits for such a place-allowed little room for comestablish limits for such a place-ment. It makes sure, for placency. He agreed with the example, that there is not an minister of finance Mr David exces of funds committed to any one country. Bermuda banks run at about 85 per cent liquidity

the asset base. Because of the lowering of overseas interest rates, return on deposits have declined and banks are having to rely on free income rather than on interest income. Over the past two years the banks have enjoyed substantial deposits on their books, but with the decline in interest rates customers have been seeking alternatives such as stock market investments and bonds

to maintain their income. Over the past five years the total assets of the banks have gone from over \$1.45n in 1978 to over \$4.28bn in 1982. Profits have gone from \$9m in 1978 to \$31.21m in 1982. A total of \$9m was paid out in dividends

In September 1982 the Bank of Bermuda posted profits of \$17.5m for the year ended June 30 and in the bank's annual report emphasised the importance of international business to the economy. This was de-monstrated by the increase in the figure of net earnings which was attributable to international business — up from 86 per cent or \$11.9m in 1981 to \$17.2m or \$11.9m in 1981 to \$17.2m or 98 per cent in 1982. The 1981-1982 profit was 26 per cent up and reflected a \$10.5m gain in total revenues to almost \$49.8m. Net interest income grew almost \$9 per cent to \$31.9m 39 per cent to \$31.9m.

The annual report termed the The bank of Butterfield has a conservative policy in the placement of funds with overseas warns that the island's dependent Gibbons that Bermuda could not afford to lose its competitive edge. "The attractions the island offers to the tourist and ratio of funds placed with other island offers to the tourist and banks customer deposits, in the international business sections words, are only 15 per tors have not, as yet, been adversely affected by the U.S. re-

Banking officials in Bermuda cession, for we provide services say slower growth in the banking industry must now be Mr Lines points out. "Howexpected however not only in ever, it is obvious that our profits but also in the growth of economy is unavoidably intertwined with development overseas so we must not feel complacent." The Bank of Butterfield, known as Bermuda's first bank, declared a 23 per cent in-crease in profits to almost

Total income rose \$6.7m to nearly \$33.5m, 68 per cent of it from interest earnings alone worth \$22.6m, \$1.6m more than the previous 12 months. This and deposits, 25.8 per cent up at \$1.5bn, constituted what the annual report described as the at \$1.50n, constituted what the annual report described as the principal reasons for the bank's improved profitability. But the bank felt that high earnings over the next 12 months were unlikely to be achieved easily. The Bank of Butterfield said its highest corporate priority was the marketing of services.

Profits

In 1982 the Provident Bank's profits topped the million dol-lar mark for the first time. Net

income for the year to Septem ber 30 rose to more than \$1.1m, mainly because of the bank's larger share in international Total revenues reached \$39.2m.

During the year the bank also pursue a more aggressive approach to international business. "We have taken the direct approach to the international business sector. managing director Mr Joseph McCann. "Our Barclay's link has also helped in this regard, particularly among companies which have already established connections with Barclays." The Bermuda Monetary Authority's managing director

and controller of foreign exchange, Dr Merlyn Trued, also believes that the island's economic outlook remains good despite the recession. He, too, has warned, however, that the climate for international business had to be kept favourable.

"Few of the problems plaguing the remainder of the world are evident in this country and indeed there is every reason to expect a con-tinuation of this enviable posi-tion," he notes,

"The ultimate determinant as to how far Bermuda can be out of step with the rest of the world lies in the tolerance with which policies taken in Bermuda are accepted internationally. Fortunately, there seems to be considerable leeway within which to operate before that limit would be reached."

Keith Hunt

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Big U.S. influence on economy

under the weight of U.S. made goods, which accounted for well over half Bermuda's 1981 visible imports of \$322.7m, compared to Britain's share of about 11 per cent—less than half what it was eight years ago. Supermarket cash tills hold dollars—U.S. and local—the shops are full of mostly American tourists, and U.S. corporations predominate among Bermuda's 5,600 off-

shore companies. seaboard—a distance of about ations.

770 miles. This factor alone accounts for the factor.

So it was that a second to the factor. accounts for the fact that accounts for the fact that 1972, the Bermuda dollar was a formally pegged to the U.S. of the plane and boatload every muda still had her fragile of the mighty American dollar, which is allowed to circulate here alongside the Bermuda accounts for the fact that 1972, the Bermuda dollar was interim period. So it was that on July 31, 1972, the Bermuda dollar was interimed and I in 1972, the Bermuda dollar was interimed and I in 1972, the Bermuda dollar was interimed a currency and given a one-to-rone exchange rate. Bermuda still had her fragile of exchange rate. Bermuda could no longer look to the U.S. influence, namely the role of the mighty American dollar, which is allowed to circulate here alongside the Bermuda dollar.

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That phenomenon, by comparison, owes less to local geography than to Britain's decision to exclude Bermuda from the sterling area. The decision, which took effect on June 23, 1972, severed what were then considered to be essential currency links with the UK, and forced the colony to seek an alternative economic ally. It turned, not surprisingly,

here, Bermuda is a British for that year noted: "Overargument is difficult to fault. Aside from such colonial hallmarks as the island's British bobbles and its British Governor, Bermuda is inextricably linked to the U.S. The evidence is everywhere.

Retailers' shelves groan under the weight of U.S. made goods, which accounted for well and goods, which accounted for well and the colonial hallmarks as the island's British Governor, Bermuda is inextricably linked to the U.S. and the under the weight of U.S. made goods, which accounted for well and the colonial hallmarks as the island's between her and what remained of the sterling to the U.S. dollar. Its parallel circulation makes total money supply statistics impossible to compile and the effect on the economy little more than a guessing game.

Last year it increased 15 per Revenue service has long had to story to static and the service has long had the revenue-hungry eye on banks, \$100m with local deposition that has become increasing the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to the IRS prepared a 235-page to IRS to IRS prepared a 235-page to IRS to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared a 235-page to IRS prepared

orations predominate dilemma was thus complete. If the Bermuda dollar, which was created in 1970, was to remain The strength of U.S. pegged to sterling, the colony economic induence derives in would have to accept a move to large part from the island's a variable discount depending

lived. The exchange control yet to see firm statistical act came into force on May 1 evidence of some economic

By 1980 it had topped \$400m and 12 months later had risen

guessing game.

guessing game.

Bermuda has become a victim of its own success, according to the monetary authority's policy research specialist, Mr Bob Richards. He is careful to distinguish between imported and locally generated inflation, but argues that money supply growth has almost certainly pushed up the domestic components in Bermuda's retail price index. He describes the island's 6.5 per cent annual rate of inflation as "totally unacceptable" compared to the significantly lower levels achieved in the U.S. but points out that without the controls "monetary manage-ment of the economy is not so

our control." Mr Richards acknowledges Bermuda's close ties with North America, demonstrated not only in trade terms but in the presence of the U.S. naval air thousand servicemen and The interim period was short- dependents. He says he has

much out of control as outside

U.S. and 12 months later had risen Regardless of White House The island has complained Bermuda Monetary almost 18 per cent to \$473m. intentions, the U.S. Internal bitterly ever since that it is

a 50 per cent tax on payments to haven-based recipients and disallowing tax deductions claimed against haven activities. It was not so much these which annoyed many Ber-mudians, as the fact that the island was described as one of the world's " most important tax havens" and placed in the same category as the Bahamas, the Netherland Antilles and the

Long fight

Bermuda has fought long and hard against the tax haven label which somehow persists in getting, attached to the island despite its oft-repeated assertion that it is a legitimate interna-tional business centre. The colony did little to further its case when, in September 1981, it joined with the Bahamas in issuing a combined plea to the

posed on corporations holding Up until the late 1970s. U.S. companies staging conventions in Bermuda could offset conference expenses against their tax

the U.S. Treasury blew the It decided that only overseas conventions held in Canada, Mexico, and, more recently, Jamaica, would be eligible to qualify for tax deductions. The result was that many U.S. corporations stopped coming to Bermuda.

tion to promoting greater trade links with several Caribbean states, the initiative proposed to exempt Bermuda from the con-vention tax restructions,

There is, however, a catch The initiative, which was recently approved by Congress, demands that the island should cooperate with the IRS investigations of American companies registered here. Bermuda's finance minister, David Gibbons this mouth wrote to the U.S. Treasury suggesting talks over this so far unacceptable condi-

Predictably, the quid pro quo idea has gained little support in Bermuda, but with more than 5,500 international companies registered here it would have been surprising if it had.

What is surprising though is that the U.S. Treasury has not seen fit to open an IRS office here, considering the importance it seems to attach to Bermuda Instead, the IRS office in Nassau in the Bahamas periodically sends one of its officers to Bermuda. As one American official here, who has regular contact with the Treasury, puts it. The JR tends the nets that catch the

Roger Scotton



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Bermuda's shipping register boasts the fifth largest 'flag of convenience fleet' in the world

Island makes its mark on the world shipping scene

BERMUDA HAS long since Bermuda registration over re-been a seafaring nation, depen-dent upon the Atlantic Ocean for its survival throughout its register that Bermuda has made the control of the Vietnamese owner Captain Nicholas Kuluk-future of the register into doubt. In a two-year period from 1980-374 years as a British colony.
This dependence is nowhere

more apparent today than in the international shipping industry, which is represented here in nearly all facets from ownership, registration, management

satisfactory arrangement was worked out to resettle refugees

a mark on the world of shipping. Some of the world's largest some of the world's largest ship companies have offices here, from the late Sir Y. K. Pao's Worldwide (Shipping) Ltd, Canadian Pacific (Ber-muda) Ltd, Sea-Containers Ltd, Mundo Gas S.A., and Denholm (Bermuda) Ltd, among others.

ship, registration, management to insurance.

The Bermuda shipping register boasts the fifth largest "flag of convenience" (FOC) register in the world, with more than 860,000 tons gross — a far cry from its high of 2.1m tons in 1979. But the latter figure was before Bermuda was hit with the unprecedented problem of having to resettle locally Vietnamese refugees rescued by Bermuda-registered ships.

There was, as a result, a mass exodus of ships from Bermuda before a stisfactory arrangement was sumberous protection, and is only one hour and 40 minutes from New York, and 50 minutes from New York, and 60 minutes from London.

"It is like a watch tower from which I can turn to the East and Europe. I can sit here comfort-ably and watch what goes on. I am completely free in my actions, and is only one hour and 40 minutes from New York, and 50 minutes from New York, and 50 minutes from New York, and 60 minutes from London.

"It is like a watch tower from which I can turn to the East and Europe. I can sit here comfort-ably and watch what goes on. I am completely free in my actions, and is only one hour and 40 minutes from New York, and 50 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York, and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes from New York and 60 minutes f

satisfactory arrangement was worked out to resettle refugees elsewhere, but in the interim the local register was decimated, recording a low of 435,000 tons gross only a year ago.

The fortunes of the Bermuda register appear to have now changed, and the Government has embarked on a rebuilding programme that has brought a flurry of new ships — in the main newly constructed and mostly bulk carriers of up to 150,000 tons dwt. Bermuda has also benefited from five formerly UK-registered bulk carriers, which were switched to

said Mr Naess, designer of the OBO (ore/bulk/od) carrier, and now in his 84th year. "Bermuda is highly developed, with sophisticated communica-tions, and is only one hour and 40 minutes from New York, and six hours from London.

Bermuda is a tax-free jurisdic-tion with fittle governmental restrictions in the area of international business. It offers sophisticated communications and business services in a geographic location that is both physically appealing and ideally situated for doing business in a number of continents.

As far as the local shipping register is concerned, Bermuda is officially listed as a FOC nation, but has enacted stiff manning an safety legislation, modelled after British regulations, that makes it a cut above the cloth of other FOCs. Bermuda is listed as a FOC primarily because of its favourable view towards beneficial ownership, opposed bitterly by a faction within the International Transport Workers' Federation (ITF), which determines FOC nations. As far as the local shipping

mines FOC nations.

While the local register is listed as a FOC there are fundamental differences that make it not only different to other FOCs but also relatively

The restrictions go further. The restrictions go further, only British officers can man Bermudian-registered vessels.

Mr Naess suggests that because the Bermuda register imposes restrictions on the nationality of ships' officers, the size of the register has been held in check.

held in check.

"Bermuda could become an attractive flag, but one would have to have complete freedom in the choice of crew nationality," says Mr Naess. "If independence comes for the island and restrictions are lifted, the Bermuda register could increase sharply.

tive in being free to select the FOC, providing the Government crews of ships."

FOC, providing the Government with \$525,000 in revenues for

Notwithstanding the nationality restrictions, Bermuda had \$415,000 was a profit.

2.1m tons gross of tonnage by 1979 but the unforeseen Kevin Stephenson

1982 a total of six Bermuda-registered vessels picked up refugees escaping Vietnam. There is an unwritten law of

the sea which states that refugees picked up at sea should be taken to the country of the rescuing flag. In this case, it was the red ensign, and the UK Government decided that Bermuda, stifl a colony, had to bear some of the respon-sibility for the refugees.

Only six refugees were resettled in Bermuda — as a result of the CP (Bermuda) ship, Port Hawkesbury, picking up 24 refugees from the South China Sea in January, 1980. But the local government was quick to hint that it would be forced to disband the register unless it could find an alternative to resettlement in Bermuda.

Among the many arguments out forward was the inescapable fact that at 21 square miles, Bermuda was already densely populated with 55,000 residents. Bermuda was also considered culturally ill-suited for Viet-

Results

CP (Bermuda) was the first shipping concern to pull out, though it still owns vessels in Bernuda, removing 28 vessels almost immediately and registering them in Hong Kong and the UK instead. Other shipowners followed, and by early last year the register was down last year the register was down to 435,000 tons gross. In early 1982 the Bermuda

Government was given the go-ahead by the UK to approach the United Nations High Com-mission for refugees (UNHCR) in Geneva, Switzerland, to see if it could gain access to UNHCR resettlement pro-grammes for nations that were ill-suited for resettlement, for example, Liberia and Panama.

No agreement was ever for-mally announced, but UNHCR did agree that Bermuda was not a suitable place for resettlement of refugees. That seemed enough for the Bermuda Government which has now em-

Government which has now em-barked on a growth campaign for the register.

"After a period of deckine over the past two years, this trend has been reversed, and the register is now growing at a most satisfactory rate," said Transport Minister William McPhee, earlier this year. "This growth is expected to continue in the year 1983-84 notwithstanding the depressed state of worldwide shipping."

This growth has seen the "There is nothing wrong in having British officers. But the past year, superseding the Bahamas as the fifth largest

Bermuda. More fun than Milton Keynes.



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1980 1981

May-Oct. likely temperature range 18°C-30°C, with maximum likely (30°C) July/August. Dec. Feb. likely range 16°C-20°C, minimum likely 16°C. No marked rainy season. Sea breezes generally with occasional hurricane-force in Sept., but serious damage rare.

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Main centre: Hamilton, Head offices: Bank of Bermuda, Bank N.T. Butterfield and Son, Bermuda National Bank, Bermuda muda National Bank, Bermuda Provident Bank, European American, Finance (Bermuda). International Trust Co. of Bermuda, Montreal Trust (Bermuda), Schroders (Ber-muda). Foreign branches: Bank of Nova Scotia (Scotiabank). Banking hours: 0930-1500 (exceptions: Fri. also 1630-1730: Sat. Sun. closed). Tariff restrictions: All monetary dealing must be the sugh banks: import permits (carrying the right of foreign exchange) are required by all

Main industries per cent of GDP; 1979 total visitors: approaching 600,000 (a record); over 90 per cent of ings. visitors from U.S.; cruise ship Imports passengers make up 20-25 per cent of total.

Employs less than 3 per cent of workforce; toiletries, cosmetics, etc. and liquor are most cent of total value). Nether-important; also: paint, printing lands, West Indies, UK. Canada, and publishing, handicrafts etc. Japan. France, German FR,

and this portion is likely to continue to decrease as tourism development encroaches on it. There is no freshwater source other than rainwater conservation and sea-water conversion. Many workers come from Azores Self-drive cars are not avail-(short-term contracts). Holdings

BUSINESSES REGISTERED IN BERMUDA

2,809

3.136

4.034

4.718

4.973

5.245

795

817

866

981

portion of the risk.

Membership is strictly for captives only. They do not have to be registered here,

but each must show capital

and surplus equivalent to \$1m, and win the approval of

75 per cent of existing members before being

admitted to the club.

group, Hanna Mining.

before

The scheme's architect is

Altamid Management, the

Bermuda-based captive man-

agement arm of the U.S.

Altamid, which will be running the association under

Membership

21

21

7

57

37



is Viscount missioner at Bridgetown

Major Exports

Main sectors: toiletries, cos-

fain industries cent of total value), U.S. (10-15
Tourism: contributes over 40 per cent), Spain, UK. Large
er cent of GDP: 1979 total visible trade deficit is covered adequately by invisible earn-

Main sectors: manufactured goods (typically 35-40 per cent of total value); food, beverages, Commerce
Insurance companies and similar (offshore) financial institutions are major source of revenue.

Otrotal value; noun beverages, tobacco (typically 25 per cent of total value; 80 per cent of all food eaten is imported) chemicals etc.; mineral fuels; raw

U.S. (typically around 50 pc) cent of total value). Nether-

Agriculture

Less than 6 per cent of total area is cultivated arable land and this portion is likely to con-

INTERNATIONAL

521

546

553

518

606



The new Governor of Bermuda, Britain's oldest colony, Dunrossil. He was formerly British High Com-

Fishing

species taken include lobster, mussels, conch, shark.

metics etc. liquor (e.g. rum). Main destinations Jamaica (typically 20-25 per

Business Guide information reproduced here from Latin America and Caribbean '83, a country-by-country guide, published by World of Information, 27 Gold Street, Saffron Welden, Essex CB10 1EJ. Telex Jaxprosg G817197. Price £17.

36

32

31

20

30

Source: Registrar of Companies,



are usually under 5 hectares.

rental rants.

Year-end total

3,400

F/30 4.215

4.657

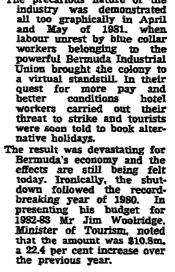
4,983

5.351

5.622

5,923

this point."



TOURISM IS the life blood of the island. While exempt company business is also a

grateful source of revenue it

is tourism on which Bermuda mainly relies for its high

standard of living and affluence, which is only too apparent when compared with the poverty which exists in most Carlbbean islands.

The Government takes every

opportunity to remind all Bermudians that visitors cannot be taken for granted.

The precarious nature of the

He pointed out, however, that his department had to approach the finance minis try late in May, 1981, for supplementary expenditure of \$656,000 for a special advertising campaign designed to win back tourists after the strike. The budget for ensuing financial year was, therefore a 12.2 per cent increase over the revised operating budget.

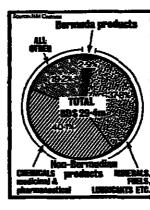
Impact

Woolridge told MPs: "The damage to this community is still being felt, not only by all segments of the hotel industry but by every other segment of Bermuda's economy—the merchant community, taxi drivers, moped rental firms, sightseeing establishments and restau-

"For years my department has been making the point whenever the opportunity pre-sented itself that tourism is everybody's business. It is a great shame that it takes a major industrial dispute which overflowed into the hotel industry to reinforce

Tourism's contribution to the gross domestic product estimated at 45 per cent and about 60-65 per cent of all foreign exchange earnings come from the tourist trade. In 1981 regular business was down by 12.6 per cent, representing a drop of about 62,000 visitors from the 1980 figure. Cruise visitors fell by

The setback caused by the



Bermuda's exports

Roger Scotton reports on the island's latest insurance project

28

33

42

New Risk Exchange planned

THE ISLAND'S latest insurance project has been ance project has been variously labelled "Lloyd's of Bermuda" or the mid-Bermuda" or the mid-Atlantic equivalent of the New York Insurance Ex-

But both tags are, at hest, only loose descriptions of the Risk Exchange Association, which will open its doors for business in December. For one thing, the numbers are vastly different. Lloyd's receives its financial backing from 21,000 private individuals. The association's will come initially from a group of about 17 insurance cap-tives, all subsidiaries of big U.S., Canadian and European

companies. For another, the new project will not be located in an impressive exchange building housing brokers, underwriters and support workers, but in small offices staffed by one underwriter and a couple of

assistants.
The idea behind the project is to create a private market in which member companies trade or exchange parent company risks presently retained by the cap-tives. Additionally, any third party business which a captive does not want to retain, and a three-year management con-tract, claims the project will which would have otherwise attract captives which want to expand their non-parent or unrelated portfolio without running the risk of picking up been placed in the commercial re-insurance market, can be brought to the association. Typically, a risk brought to

U.S. parents are expected to find the ctub particularly attractive because it would allow them to demonstrate their captive subsidiary is taking on outside business—an essential requirement. the association will be passed among all the members. Each will individually scrutinise the business or authorise the association's underwriter to act on its behalf. The rating an essential requirement which the IRS looks for when allowing U.S. tax deductions on insurance premiums. to risks placed in the exchange will be set by a lead underwriting captive member The Altamid president, Mr

Richard Thompson, maintains that the scheme is a more cost-effective way of doing business for member captives. They will avoid heavy brokerage commissions and be able

another of the many risk pooling arrangements presently available. These arrangements cate:

to get their hands on profitable unrelated risks in what he calls "a controlled environ-But Mr Thompson argues that the association should not be regarded as just

to specific risk categories and participants are often com-

mitted to set levels of risk assumption," he said. "That will not be the case with the Risk Exchange Association. It will deal in all kinds of risk and members will be able to turn down any business they do not want."

The association has received firm membership commit-ments from 11 captives so far, and expects another six to have joined by the time enabling legislation reaches Bermuda's House of Assembly in November. The 11 include Owens-Illinois Inc. Hanna Mining, Houston Natural Gas, Keystone Consolidated Industries, Aluminium Company of America, Johnson Matthey, and Norsk Hydro. Members will each pay an

entry fee of up to \$30,000 and premium volume is estimated to rise to \$35m during the association's first 12 to 15 mouths of trading. Altamid forecasts this will increase to \$50m during the second year. by which time membership is expected to have doubled to 35 captives. The company predicts that in five years more than 50 captives will be premiums worth

Campaign to attract more U.S. tourists

labour dispute combined with the recession in the U.S. — the main source of — Canada and the UK, to make matters worse, Mr Woolridge also points to one other salient point which causes him concern. "Ber-muda lost its credibility and its momentum," he laments.
"It does not take much to turn people off a destination or to make them decide that they will postpone that Bermuda visit until a later date." As a result the tourism department has re-examined its marketing strategy. In the U.S. the "target audience" is defined as a family with a \$50,000 plus income travel-oriented to island destinations and interested in a quality environment. Some 83 per cent of U.S. business comes from the north east — from Maine to Washington DC. The states of New York, Massachusetts, of New 101A, Emourated and Connecticut, New Jersey and Poppersunia provides the Pennsylvania provides bulk of business.

Air services

Bermuda is served by only a Sermuda is served by only a handful of airlines—American, Eastern, Delta, Pan American, Air Canada and British Airways, but improved services resulted in a boost from the southern U.S. and also through a new Atlanta gateway.

It is estimated that the north east market should contri-bute at least 75 per cent of business during the next five years while the south east/ Texas markets are expected to grow from 9 per cent to 15 per cent. The advertising slogan has also been changed. It was: "Bermuda—get away to it all." Now it is: "Couldn't you use a little Bermuda right now?"

Although Bermuda is geared towards attracting Americans primarily because the island is just a two-hour flight away, the tourism department has resisted the temptation to concentrate only on the U.S. Mr Woolridge says: "We Mr Woolridge says: "We believe that part of Bermuda's charm is that we are a British colony, Britain's oldest, and the international mix of visitors adds a great deal to the vacation experi-

While tourism officials are battling to return to the peak of 1980, it seems unlikely that 1983 will be the year

to do it. At the start of the year, Mr Wooirndge was con-fidently predicting that the bad old days were past. But as the high scason approaches figures have not been overly impressive. The total number of visitors for last April dipped by 14 per cent on the same month last year. Still the irrepressible minister

refuses to accept that dooms-day beckons. "I think we are looking at a very good year." he said. "When we look at the overall picture I think we will be able to hold our own. Bermuda is envied for its Bermuda is envied for its employment record. While the opposition Progressive Labour Party tends to disagree, it is the proud boast of the ruling, mainly white United Bermuda Party that unemployment is virtually non-existent.

On an island with a population of 55,000 many workers choose an hotel job. The general attitude is that noone needs to be out of work if they do not want to be. One unusual feature which youngsters can take advan-tage of if they decide to murture tourists rather than choose a more lucrative career with wealthy exempt companies is an hotel which is staffed completely by college students. Stonington Beach is regarded as one of the top hotels and attracts few complaints from tourists who stay there. nurture tourists rather than who stay there.

Expensive

Bermuda holiday is unlikely to be cheap. All of the major hotels charge top rates with the last word in luxury considered to be at Southampton Princess, the impressive property on the south shore which Lourho south shore which Lonrho owns along with the Hamilcon Princess. In addition there are smaller hotels, cottage colonies, and time share homes are beginning to spring up.

Bermuda has often been accused by travel agents and tour operators in the U.S. of running the risk of pricing itself out of the market. Mr Woolridge and the Hotel Association disagree. Provided the service and quality is maintained, they say, tourists will still choose tourists will still choose Bermuda to get away from

Keith Hunt

Table 1988

diam'r.

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